Exam Question Book

182 main questions plus 182 variants, all our own, none official. Every option has a reason.

How to use

1. Work chapter by chapter at real exam pace (100 questions in 180 minutes).
2. When marking, read the reason for all four options: why the wrong ones are wrong is tested more often than why the right one is right.
3. For every miss, do its variant the same day and again three days later.

Chapter 1 · Fundamentals of Law law-foundation

Items marked ′ are variants on the same point: do one when you miss the main question.

1. A dispute over a rural property boundary is being heard in the Supreme Court of British Columbia. The defendant's lawyer relies on an older British Columbia Court of Appeal decision, while the plaintiff's lawyer points out that the older case involved a commercial port lease with materially different facts and also cites a recent Alberta Court of Appeal ruling. How does the doctrine of stare decisis apply here?

a. The judge may distinguish the BC Court of Appeal case on its materially different facts and treat the Alberta ruling as persuasive only.
b. The judge must follow the Alberta Court of Appeal ruling because appellate decisions from any Canadian province bind all trial courts nationwide.
c. The judge is strictly bound to apply the older British Columbia Court of Appeal decision regardless of how different the underlying facts are.
d. The judge must disregard both appellate cases because stare decisis only applies when interpreting federal criminal statutes.

1′. Why does the common law system rely on the principle of stare decisis, and how should a British Columbia trial judge treat a judicial precedent from the United Kingdom when no Canadian precedent exists on the issue?

a. To ensure every judge can invent brand-new rules at will, meaning United Kingdom decisions are automatically binding on Canadian courts.
b. To replace all provincial statute law with judge-made rules, meaning foreign decisions override local legislation.
c. To make legal outcomes predictable, and the judge may consult the United Kingdom decision as a persuasive guide that binds only if a Canadian court adopts it.
d. To guarantee that factual differences between cases are always ignored, meaning the judge must dismiss the lawsuit whenever no Canadian precedent exists.

2. Marcus signed a binding contract to purchase a unique waterfront cottage from Elena. Elena changed her mind and refused to complete the transfer. Instead of suing promptly, Marcus waited a long and unreasonable time while watching the market before asking the court for an order of specific performance to force Elena to transfer the title. How is the court most likely to view Marcus's request for specific performance?

a. The court must grant specific performance automatically because every buyer under a real estate contract has an absolute common law right to force a transfer.
b. The court may refuse specific performance because equitable remedies are discretionary and a plaintiff who delays unreasonably may lose the right to equitable relief.
c. The court lacks jurisdiction to consider both monetary damages and specific performance in the same proceeding because equity courts remain separate from common law courts.
d. The court must apply common law rules to override equitable principles whenever the two systems conflict.

2′. A developer builds a retaining wall that encroaches onto a neighbour's land in breach of a restrictive agreement. The neighbour asks a British Columbia Supreme Court judge for an order requiring the developer to actively demolish and remove the encroaching wall. What type of remedy is the neighbour seeking, and which body of law does it come from?

a. A mandatory injunction, which is a discretionary remedy originating from equity.
b. A writ of specific performance, which is a mandatory monetary award originating from common law.
c. Common law damages, because modern courts can only order payment of money and cannot compel a party to perform an act.
d. A garnishing order, which is an equitable remedy granted automatically without judicial discretion.

3. An unlicensed individual arranges a residential property sale in British Columbia for a fee and argues in court that under ancient English common law from 1066, anyone was free to act as an agent without a government licence. How will a British Columbia judge resolve this argument?

a. The judge will uphold the defence because judge–made common law rules always override provincial statutes like the Real Estate Services Act.
b. The judge will strike down the Real Estate Services Act because only the federal Parliament has constitutional authority to regulate real estate licensing under its banking power.
c. The judge will reject the defence because statute law modifies the common law, and the province validly enacted the Real Estate Services Act under its constitutional power over property and civil rights.
d. The judge will refer the matter to the municipal council because municipalities hold direct constitutional power under the Constitution Act, 1867 to license real estate agents.

3′. A property owner challenges a municipal zoning bylaw in British Columbia, claiming that the Constitution Act, 1867 only mentions federal and provincial powers and therefore municipalities have no legal authority to pass bylaws. Why does this argument fail?

a. Because the Supreme Court of Canada transferred the federal residual power to municipalities in the 1870s, giving them independent law-making authority.
b. Because the province holds constitutional power over municipal institutions and delegates part of that authority to municipalities to pass local bylaws.
c. Because municipal zoning bylaws are really federal statutes passed under Parliament's criminal law power and only administered by city councils.
d. Because zoning rules are unwritten common law customs inherited from England in 1066, so councils need no grant of legislative power at all.

4. After losing a commercial contract trial in the Supreme Court of British Columbia for a claim exceeding $35,000, the defendant files an appeal to the British Columbia Court of Appeal. The defendant plans to bring 3 new eyewitnesses to the Court of Appeal hearing to testify all over again about what was said during the contract negotiations. How will the Court of Appeal handle this plan?

a. The Court of Appeal will swear in the witnesses and conduct a full trial de novo because every appeal is a brand-new trial on the facts.
b. The Court of Appeal will transfer the case to Small Claims Court because contract disputes must be heard there first.
c. The Court of Appeal will require a panel of 5 to 9 judges from the Supreme Court of Canada to cross-examine the witnesses.
d. The Court of Appeal will not re-hear witness evidence, as a panel of 3 (or 5) judges only reviews whether the trial judge erred in applying the law.

4′. A landscaping company is owed a sum slightly above $35,000 by a client who lives and carries on business in British Columbia. The company wants to resolve the dispute in Small Claims Court rather than the Supreme Court of British Columbia. Is this permitted?

a. No, because any claim exceeding the old $25,000 limit is barred from Small Claims Court under current regulations.
b. Yes, if the company abandons the excess and limits its claim to $35,000, filing where the claim arose or where the client lives or does business.
c. Yes, and the company can still recover the entire amount above $35,000 in Small Claims Court because commercial debts have no monetary cap.
d. No, because Small Claims Court has no territorial restrictions and only hears strata property disputes.

5. A strata corporation has a dispute with a unit owner over unpaid strata fees exceeding $35,000, while in an unrelated matter a consultant has a $5,000 unpaid invoice claim that was just decided by the Civil Resolution Tribunal (CRT). According to the course manual, which tribunal hears the strata dispute, and how can a dissatisfied party challenge the $5,000 CRT small claims decision?

a. Small Claims Court hears the strata dispute because it exceeds $5,000, and the $5,000 CRT decision can only be appealed directly to the Supreme Court of Canada.

b. The BC Human Rights Tribunal hears the strata dispute, and the $5,000 CRT decision is final with no court review or objection permitted.

c. The CRT, since strata claims have no monetary cap; under the course manual, a Notice of Objection leads to a trial de novo in Provincial Small Claims Court.

d. The Supreme Court of British Columbia has exclusive original jurisdiction over all strata disputes regardless of amount, and the CRT only handles motor vehicle claims up to $35,000.

5′. Which combination of claim type and monetary limit accurately reflects the jurisdiction of the Civil Resolution Tribunal (CRT)?

a. Tribunal small claims up to $5,000 (mandatory), accident liability and damages up to $50,000, and strata property claims with no cap.

b. Tribunal small claims up to $35,000, motor vehicle accident claims up to $5,000, and defamation claims up to $50,000 against any party.

c. Independent Human Rights Code complaints up to $50,000 and strata property claims capped at $35,000.

d. Constitutional challenges against the provincial government up to $50,000 and debt claims up to $25,000.

6. A contractor negligently installed concealed drainage pipes on a commercial property. The owner had no reason to know of any defect until several years later, when flooding revealed the faulty installation and its cause. Before the 2–year basic limitation period and the 15–year ultimate limitation period expired, the contractor sent the owner a signed letter acknowledging responsibility for the defective work. Under the Limitation Act, how do the limitation periods operate?

a. The owner's right to sue expired 2 years after the negligent installation because the 2–year basic limitation period always runs from the date the act or omission occurred.

b. The 2–year period ran from discovery, and the signed acknowledgment restarted both the 2–year basic and the 15–year ultimate periods from that date.

c. The contractor's written acknowledgment extends the ultimate limitation period to 30 years but has no effect on the 2–year basic limitation period.

d. Because the claim involves construction on land, the Limitation Act does not apply unless the owner first obtains leave within 60 days from the Civil Resolution Tribunal.

6′. Under the British Columbia Limitation Act (in force since June 1, 2013), what is the length of the ultimate limitation period, and from what point in time is it measured if the defendant never acknowledges liability?

a. 2 years, measured from the date the plaintiff discovers that a court proceeding is an appropriate remedy.
b. 30 years, measured from the date the plaintiff first suffers financial loss.
c. 60 days, measured from the date the defendant refuses to participate in mediation.
d. 15 years, measured from the date the act or omission took place.

7. A landlord instructs a licensed rental agent to turn away any prospective tenant whose income comes from government social assistance, explaining that the landlord has no prejudice against anyone and only wants tenants with traditional employment salaries. Which statement accurately describes the legal position under the British Columbia Human Rights Code?

a. The refusal breaches the Code: lawful source of income is a protected ground in tenancy, intent is not required, and complaints go to the BC Human Rights Tribunal.
b. The instruction is lawful because a landlord cannot violate the Human Rights Code without proof of malicious intent to discriminate.
c. The instruction is lawful because lawful source of income is only a protected ground when selling commercial real estate, not when renting residential premises.
d. Refusing the applicant is a breach that must be filed as an independent Human Rights Code complaint in the Civil Resolution Tribunal (CRT).

7′. When comparing the protected grounds under the British Columbia Human Rights Code as listed in the ©2020 course manual with the current statute in force after November 25, 2021, how should a candidate handle the ground of 'Indigenous identity'?

a. It was removed from the Human Rights Code in 2021 and replaced by lawful source of income.
b. It applies only to federal banking employees and never applies to real estate advertising, sales, or tenancy.
c. It was added on November 25, 2021, so it is missing from the ©2020 manual's list, but current compliance requires treating it as a protected ground.
d. It has been the only protected ground in the Human Rights Code since 1066 and is enforced exclusively through Small Claims Court actions.

Chapter 2 · The Real Estate Services Act licensing-conduct

Items marked ′ are variants on the same point: do one when you miss the main question.

8. A real estate team is reviewing British Columbia's regulatory framework to determine which legislation establishes who is required to hold a licence, how licences are issued, and the statutory penalties for contraventions, versus which instrument sets out the specific rules on trust accounts and agency disclosures. Which pairing is accurate?

a. RESA sets out who must be licensed, how licences issue and the penalties, while the Rules (B.C. Reg. 209/2021) cover conduct such as trust accounts and disclosures.

b. The Real Estate Development Marketing Act (REDMA) governs licensing requirements, while the Real Estate Services Act (RESA) governs developer disclosure statements.

c. The pre-2021 Council Rules continue to govern licence issuance under their original section numbers, while REDMA governs brokerage trust accounts.

d. The Finance Statutes Amendment Act, 2021 governs agency disclosures and advertising, while the repealed Real Estate Act governs disciplinary fines.

8′. A developer preparing to market pre-sale strata lots to the public must file a disclosure statement and grant buyers statutory rescission rights. Under British Columbia's three-tier real estate regulatory structure, which statute specifically governs these developer obligations?

a. The Real Estate Services Act (RESA)

b. The Real Estate Services Rules (B.C. Reg. 209/2021)

c. The Real Estate Development Marketing Act (REDMA)

d. The Finance Statutes Amendment Act, 2021

9. A member of the public wishes to file a formal complaint regarding a licensee's conduct, and an applicant who recently passed the licensing exam needs to submit a licence application through a brokerage. Under British Columbia's regulatory framework in effect since August 1, 2021, how are these matters handled?

a. The licence application goes to the Real Estate Council of BC (RECBC), while the public complaint goes to the Office of the Superintendent of Real Estate (OSRE).

b. Both the licence application and the complaint investigation are handled by the BC Financial Services Authority (BCFSA) as the single regulator.

c. The licence application is issued by the Real Estate Foundation of BC, while discipline is handled by the Real Estate Errors and Omissions Insurance Corporation.

d. Both matters are adjudicated directly by the Real Estate Compensation Fund Corporation.

9′. Why did the British Columbia legislature enact the Finance Statutes Amendment Act, 2021 to dissolve the Real Estate Council of BC (RECBC) and merge the Office of the Superintendent of Real Estate (OSRE) into the BC Financial Services Authority (BCFSA)?

a. To answer criticism of fragmented oversight after the Cullen money-laundering inquiry and shadow flipping, by creating one regulator.
b. To transfer all licensing examinations and pre-licensing courses from UBC Sauder to the Real Estate Foundation of BC.
c. To eliminate mandatory Errors and Omissions insurance and replace brokerage trust accounts with a single provincial account.
d. To delegate unlicensed real estate enforcement back to individual managing brokers.

10. Clara holds a representative-level licence in the Trading Services category. She wants to operate independently under her own name without being engaged by a brokerage, and she also wants to collect strata fees and manage common property for a strata corporation. Which statement accurately describes her status under the Real Estate Services Act (RESA)?

a. As a licensed representative, she may practice independently without a brokerage, provided she restricts her work to Trading Services.
b. Her Trading Services licence automatically authorizes her to perform Strata Management Services and Rental Property Management Services.
c. She must be licensed in relation to a brokerage, and managing a strata corporation needs the separate Strata Management Services category.
d. She may operate without a brokerage once she upgrades from representative directly to associate broker.

10′. Under the Real Estate Services Act (RESA), how are licence categories and individual licence levels structured in British Columbia?

a. There are two categories (Residential and Commercial) and two levels (Representative and Principal), with principals free to practise without a brokerage.
b. Three categories (trading, rental property management, strata management), each with representative, associate broker and managing broker levels under a brokerage.
c. There are four categories including Mortgage Brokerage Services, and associate brokers are exempt from any brokerage supervision requirement.
d. Representative, Associate Broker, and Managing Broker are the three licence categories, while Trading and Strata are optional endorsements added later.

11. Marcus completed all assignments for the Real Estate Trading Services Licensing Course 1 year ago. He wrote the licensing examination for the first time today and scored 60%. Under the current Real Estate Services Rules and examination policies, which rule applies to Marcus?

a. A score of 60% meets the passing standard, so he has two years from today to apply for his licence.
b. Because he failed his first attempt, he must immediately re-enroll and repeat the entire licensing course before writing again.
c. He must wait at least 90 days to rewrite, within 2 years of finishing his assignments, and a second consecutive failure means repeating the course.
d. He may rewrite the examination after 7 days, and sitting a supplemental exam will extend his post-exam licence application window by an additional year.

11′. Elena passed the Real Estate Trading Services Licensing Examination on her second attempt (via a 2-hour, 60-question supplemental exam) and plans to specialize in residential trading services. Which set of requirements must she meet to apply for her representative licence?

a. Be at least 19, finish Parts 1 and 2 of the residential Applied Practice Course, provide a criminal record check, and apply through a brokerage within 1 year of passing.
b. She must complete all parts of the Applied Practice Course within 2 years after licensing, and she has 2 years from passing her supplemental exam to apply for a licence.
c. She may apply directly to UBC Sauder within 90 days without a brokerage, and her initial licence term will be 3 years.
d. Because she wrote a supplemental exam, her licence application window is extended to 2 years, and she only needs to complete Part 1 of the residential Applied Practice Course before applying.

12. A buyer delivers a deposit to a brokerage to be held in trust for a residential purchase. Before completion, a licensee at the brokerage unlawfully misappropriates the trust funds for personal use. Under British Columbia's four-pillar public protection framework, which organization exists specifically to compensate the buyer for this loss of trust funds?

a. The Real Estate Errors and Omissions Insurance Corporation
b. The Real Estate Foundation of British Columbia
c. The Real Estate Compensation Fund Corporation
d. The Office of the Superintendent of Real Estate (OSRE)

12′. When comparing the pre–2021 exam descriptions of public protection organizations with British Columbia's current regulatory structure, which statement accurately reflects the current status of these institutions?

a. The Real Estate Foundation of BC was dissolved in 2021, while the Office of the Superintendent of Real Estate remains an independent office.

b. The E&O insurance corporation, along with the Real Estate Compensation Fund Corporation, was abolished when BCFSA took over regulation in 2021.

c. Brokerage trust accounts are no longer required because all client deposits must be sent directly to BCFSA.

d. The four protections still operate under BCFSA, the Real Estate Foundation of BC continues, and the Superintendent's powers are exercised inside BCFSA.

13. After a BCFSA disciplinary hearing, an individual representative and that representative's brokerage are each found to have breached the Real Estate Services Act (RESA) through professional misconduct. Under RESA as currently in force, what is the maximum disciplinary penalty per contravention for each of them, in addition to forfeiture of remuneration?

a. Up to $250,000 for the individual licensee and up to $500,000 for the brokerage per contravention.

b. Up to $100,000 for the individual licensee and up to $250,000 for the brokerage per contravention.

c. Up to $500,000 for the individual licensee and up to $250,000 for the brokerage per contravention.

d. A combined maximum of $100,000 across all contraventions, with no authority to recover remuneration.

13′. Which statement accurately describes the enforcement powers and penalty limits administered by the BC Financial Services Authority (BCFSA) under the current Real Estate Services Act (RESA)?

a. BCFSA handles complaints and investigations, but only the Real Estate Council of BC (RECBC) can suspend or cancel a licence.

b. Disciplinary penalties are capped at $250,000 for an individual and $500,000 for a brokerage in total, regardless of how many contraventions occurred.

c. Administrative penalties have a statutory maximum of $500,000 per penalty under section 56(2) of RESA, matching the brokerage disciplinary cap.

d. BCFSA may reprimand, suspend or cancel, fine up to $250,000 (individual) or $500,000 (brokerage) per contravention, and impose administrative penalties up to $100,000.

14. A developer is marketing pre-sale strata lots in a new condominium project. A buyer receives the required disclosure statement and signs a written acknowledgment confirming an opportunity to read it on Day 1, and then signs the purchase agreement on Day 3. Under section 21(2) of the Real Estate Development Marketing Act (REDMA), what is the buyer's statutory rescission right?

a. The buyer may rescind within 7 days starting from Day 1, the date the disclosure acknowledgment was signed.

b. The buyer may rescind within 3 business days starting from Day 3, provided the buyer pays a 0.25% rescission fee to the developer.

c. The buyer has 90 days from Day 3 to rescind the contract without penalty by notifying the BC Financial Services Authority.

d. Written notice to the developer within 7 days counted from Day 3, the later of the contract date and the acknowledgment date.

14′. A buyer signs a contract to purchase a fractional interest in a resort development from a developer on Day 1, and the developer obtains the buyer's written acknowledgment of having had an opportunity to read the disclosure statement on Day 2. Under the Real Estate Development Marketing Act (REDMA), how is the buyer's rescission period determined?

a. The buyer has 3 business days from Day 1 and must pay 0.25% of the purchase price under the Home Buyer Rescission Period.

b. 7 days from Day 2, the later of the agreement date and the acknowledgment date, by written notice to the developer.

c. The buyer has 7 days starting from Day 1, because the purchase agreement date always triggers the rescission clock.

d. REDMA does not apply because fractional interests and time shares are exempt from disclosure statement requirements.

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

law-foundation

Items marked ′ are variants on the same point: do one when you miss the main question.

15. Evelyn holds a life estate in a residential property, with her nephew Marcus named as the remainderman in fee simple. Evelyn later transfers her entire interest in the property to her friend Diana. While Evelyn is still alive, whose life measures the duration of Diana's estate, and how are the property expenses allocated between the holder of the life estate and Marcus?

a. Diana holds an estate pur autre vie measured by Evelyn's lifetime; the life estate holder pays property taxes and mortgage interest, while Marcus is responsible for mortgage principal and insurance.

b. Diana holds a new life estate measured by her own lifetime; Diana pays both mortgage principal and interest, while Marcus pays property taxes and insurance.

c. Diana holds an estate pur autre vie measured by Evelyn's lifetime; the life estate holder must pay mortgage principal and insurance, while Marcus pays operating expenses and mortgage interest.

d. Evelyn's transfer to a third party automatically extinguishes the life estate and vests immediate fee simple possession in Marcus.

15′. Arthur grants a life estate in a rental cottage to his sister Clara, while retaining the future fee simple interest for himself as the reversioner. Clara collects all the rental income from the cottage. Which of the following statements accurately describes the legal obligations of Clara and Arthur during Clara's lifetime?

a. Because Clara receives all rental income, she must pay the mortgage principal, mortgage interest, property taxes, and insurance premiums.

b. Clara pays operating costs such as utilities and property taxes plus mortgage interest; Arthur pays the mortgage principal and insurance.

c. Arthur must pay the annual property taxes and utilities because the life estate is only registered as a charge on his fee simple title.

d. Clara may intentionally demolish the cottage without liability to Arthur as long as she keeps the property taxes current.

16. A developer sells Lot 1 to a buyer and registers a covenant against Lot 1 for the benefit of the neighbouring Lot 2, which the developer retains. The registered document contains two clauses: Clause I prohibits the owner of Lot 1 from operating any commercial business on the land, and Clause II requires the owner of Lot 1 to contribute money each year to repaint a fence on Lot 2. When Lot 1 is later resold to a new purchaser, which clause runs with the land to bind the new purchaser?

a. Both Clause I and Clause II bind the new purchaser because registration under the Torrens system makes every covenant run with the land.

b. Neither clause binds the new purchaser unless the new purchaser signs a fresh assumption contract with the owner of Lot 2.

c. Only Clause II binds the new purchaser, because maintaining physical improvements directly increases the value of the dominant tenement.

d. Only Clause I, because a covenant that runs with the land must be negative in nature, and Clause II is a positive covenant.

16′. An owner of two adjoining parcels sells Parcel A while retaining Parcel B. In the transfer deed registered at the Land Title Office, the buyer of Parcel A promises (1) never to build any structure higher than one storey, and (2) to plant and maintain a row of cedar hedges along the boundary every spring. Five years later, Parcel A is sold to a subsequent purchaser who was not a party to the original deed. What is the legal effect of these promises on the subsequent purchaser?

a. Only the promise to plant and maintain the cedar hedges runs with the land because it visibly benefits Parcel B.

b. Both promises run with the land because registration under the Land Title Act constitutes notice to all subsequent purchasers.

c. The height limit binds the purchaser as a negative covenant; the hedge–planting duty is positive and does not run with the land.

d. Neither promise binds the subsequent purchaser because a restrictive covenant cannot exist without at least three lots in a building scheme.

17. Consider two arrangements affecting rural land in British Columbia: Arrangement 1 grants a municipal government the right to run a water main across a farmer's field, even though the municipality owns no adjacent land; Arrangement 2 gives a distant city resident a personal right to park a camper on the farmer's field during summer holidays. Which statement correctly identifies the legal nature of these two arrangements?

a. Both arrangements are invalid as easements and operate only as personal licences because neither holder owns a dominant tenement.

b. Arrangement 1 is a statutory right of way under Land Title Act s.218 that needs no dominant tenement; Arrangement 2 is only a licence.

c. Arrangement 1 is a profit à prendre because water pipes are placed in the soil, while Arrangement 2 is a valid common law easement.

d. Both arrangements are valid easements that run with the land as long as the parties describe the boundaries of the field clearly.

17′. A homeowner enters into an agreement allowing the owner of the neighbouring lot to use the homeowner's private tennis court on weekends because the neighbour personally enjoys playing tennis. A crown utility authority also registers an agreement over the homeowner's lot to string overhead power transmission lines, without owning any neighbouring parcel. Which statement is correct if the homeowner sells the lot to a new buyer?

a. The neighbour's tennis arrangement binds the new buyer as an easement because the neighbour owns an adjacent parcel, while the utility line agreement fails for lack of a dominant tenement.

b. Both the tennis arrangement and the power line agreement bind the new buyer as valid easements running with the land.

c. Neither arrangement binds the new buyer because neither improves the agricultural productivity of the servient tenement.

d. The power line agreement binds the buyer as a s.218 statutory right of way; the tennis arrangement is a personal licence that does not bind the buyer.

18. A purchaser buys a fee simple residential property after reviewing the certificate of title, which shows no registered leases or easements. After taking title, the purchaser finds two problems: a tenant is living in the house under an unregistered 2-year lease signed with the seller, and a neighbour's excavation on the adjacent lot has made the purchaser's land and house subside, although the land would have slumped even with no house on it. What are the purchaser's legal rights regarding the tenant and the neighbour's excavation?

a. The purchaser can evict the tenant immediately because the lease was unregistered, and the natural right of support automatically covers both the land and the house.

b. The purchaser is not bound by the unregistered lease under the Torrens system, and the neighbour is only liable if the provincial government granted a subsurface mineral licence.

c. The purchaser is bound by the unregistered 2-year lease, and the natural right of support automatically guarantees full structural support for any residential building erected on fee simple land.

d. The buyer is bound by the occupied lease of 3 years or less, but natural support protects only the land, not the house, absent a support easement.

18′. An investor purchases a small commercial property relying solely on a clean title search. After completion, the investor learns that a tenant is in actual occupation of the premises under an unregistered lease for a term of 2 years. At the same time, the investor wants to know whether the property's natural right of lateral support from the adjoining lot automatically protects the heavy brick warehouse built on the boundary. Which statement is legally accurate?

a. Under Land Title Act s.23(2)(d) the investor is bound by the occupied lease of 3 years or less; natural support covers the land only, not the warehouse.

b. The unregistered 2-year lease is void against the investor under the Torrens principle of indefeasibility, though the warehouse is protected by natural support.

c. The unregistered lease binds the investor only if the term exceeds 3 years, and the natural right of support covers both soil and buildings.

d. Neither the unregistered 2-year lease nor the natural right of support applies to fee simple land once a transfer is registered.

19. A ranch property is sold under a contract of purchase and sale that does not mention agricultural equipment or garden statues. Before completion, the seller removes (1) heavy steel livestock fencing equipment welded to metal posts in the ground solely to keep the equipment steady while in use, and (2) a massive stone sculpture that is not bolted down and rests by its own weight, which the original owner placed as the permanent centrepiece of the landscaped garden design. How would a court classify these two items under the common law two-step test?

a. The welded livestock equipment is a fixture because welding is permanent, and the stone sculpture is a chattel because it is unattached.
b. Both items are chattels because a seller is entitled to remove any item not expressly listed in the contract of purchase and sale.
c. The welded equipment may be a chattel since welding only steadied the equipment, while the sculpture placed as part of the garden design is a fixture.
d. Both items are fixtures because any item located outdoors on fee simple acreage automatically becomes part of the land.

19′. In a dispute over whether an item passes with the sale of real estate when the contract is silent, a court applies the classic two-step test. Which of the following accurately states the initial presumptions and the 'better use' (object of annexation) test?

a. Items resting on the land only by their own weight are presumed to be fixtures unless the contrary is proven.
b. Even slight attachment presumes a fixture, unless the attachment served the better use of the item itself rather than of the land.
c. Once an item is attached to a wall or floor by nails, screws, or welds, the presumption of a fixture becomes irrebuttable regardless of intent.
d. The subjective secret wish of the seller at the time of listing determines whether an attached appliance is a chattel or a fixture.

20. Consider two co-ownership situations in British Columbia: In Situation 1, a transfer deed conveys a cottage to 'Liam and Noah' without stating whether they take as joint tenants or tenants in common, and without stating their share proportions. In Situation 2, three sisters—Ava, Mia, and Zoe—properly hold a house as registered joint tenants, and Ava secretly sells her share to a stranger, Leo, without telling Mia or Zoe, and then Ava dies leaving a will. What is the legal outcome in both situations?

a. Situation 1: joint tenancy is presumed. Situation 2: Ava's sale is void, because severance needs the consent of every joint tenant.

b. Situation 1: tenancy in common in equal shares. Situation 2: Ava's sale makes Leo, Mia and Zoe tenants in common with one another.

c. Situation 1: tenancy in common in equal shares. Situation 2: Leo holds Ava's severed share in common, while Mia and Zoe remain joint tenants.

d. Situation 1: tenancy in common. Situation 2: Ava's share passes under her will, because a will on its own severs a joint tenancy.

20′. Two business partners acquire a warehouse under a transfer instrument that names both of them as transferees but says nothing about the form of co-ownership. Meanwhile, on a separate residential property held by two brothers in a valid joint tenancy, one brother executes a last will and testament leaving 'all my share in the house to my daughter' without taking any inter vivos step to sever the joint tenancy before he dies. What is the legal result for the warehouse and the residential property?

a. The warehouse is held in common in equal shares, and the brother's house share passes to the surviving brother by survivorship, not under the will.

b. The warehouse is presumed to be a joint tenancy because there are two buyers, and the deceased brother's daughter inherits half of the house under the will.

c. The warehouse is held in tenancy in common, and executing a will automatically severs the unity of title so the daughter takes as a tenant in common.

d. Both properties revert to the Crown until a court determines the proportions under the Partition of Property Act.

21. A prospective buyer is considering a $450,000 waterfront parcel registered in fee simple near a historic Indigenous settlement. First, how does the licensing course manual (the exam standard) classify Aboriginal title in relation to estates in land? Second, how should the licensee handle the transaction in practice in light of the 2025 BC Supreme Court ruling in Cowichan Tribes v. Canada?

a. Exam: Aboriginal title is a freehold estate identical to fee simple. Practice: assure the buyer that a Torrens title certificate removes all legal risk.
b. Exam: a title certificate is weak evidence that must be traced through old deeds. Practice: the licensee should draft an Aboriginal title indemnity clause.
c. Exam: Aboriginal title is a leasehold estate limited to 18 months. Practice: the 2025 ruling has already been overturned by the Supreme Court of Canada.
d. Exam: Aboriginal title is not an estate and the title certificate is conclusive. Practice: given the 2025 ruling (under appeal), refer the buyer to a property lawyer.

21′. When answering an examination question based on the licensing course manual regarding the Torrens registration system and Aboriginal title, which statement represents the exam answer, and what is the current legal context noted for practice?

a. Exam: Aboriginal title automatically extinguishes any registered fee simple. Practice: the 2025 decision confirmed that fee simple always extinguishes Aboriginal title.
b. Exam: the title certificate is conclusive and Aboriginal title is not an estate. Practice: a 2025 BC ruling (under appeal) held the two can coexist, case by case.
c. Exam: Aboriginal title is a profit à prendre registered under section 218 of the Land Title Act. Practice: it is recorded as a statutory right of way.
d. Exam: DRIPA requires ministerial approval before any residential sale is registered. Practice: the same approval now applies to every strata transfer.

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

Items marked ′ are variants on the same point: do one when you miss the main question.

22. An owner of a commercial property in British Columbia plans to enter into two new leases without applying to the approving officer for subdivision approval: Lease X is an eight–year lease for a single retail unit inside the existing building, and Lease Y is an eight–year lease for a fenced portion of the unimproved parking lot land. Under section 73 of the Land Title Act, which statement is correct?

a. Lease X is exempt as a lease of part of a building; Lease Y needs approval because it divides land for a lease longer than three years.

b. Both Lease X and Lease Y are exempt from subdivision approval because neither lease exceeds the ten–year threshold set by provincial legislation.

c. Both Lease X and Lease Y require subdivision approval from the approving officer because both leases have terms longer than three years.

d. Neither Lease X nor Lease Y requires subdivision approval if the municipal zoning bylaw already permits commercial retail and parking uses on the parcel.

22′. A rural landowner wishes to lease an orchard portion of her land to a neighbouring farmer for a term of life, while also leasing the upper floor of her farmhouse to a tenant for eight years. Under section 73 of the Land Title Act, how are these two arrangements treated?

a. Both arrangements require subdivision approval because both terms exceed three years.

b. The orchard lease needs approval as a life lease of part of the land, while the farmhouse floor lease is exempt as part of a building.

c. Neither arrangement requires subdivision approval because a life lease has no fixed calendar number of years.

d. The farmhouse floor lease requires subdivision approval, whereas agricultural orchard land is exempt from the Land Title Act.

23. A buyer is comparing two detached houses that look identical from the street: Property M was created by a conventional subdivision plan, while Property N was created by a bare land strata plan. Which statement accurately describes the legal difference between the two properties?

a. Internal roads in both Property M and Property N vest in the Crown and are maintained by the municipality at public expense.

b. M's roads are dedicated to the public, while N's roads are common property repaired at the owners' shared cost, and N's plan is labelled bare land strata.

c. Owners in Property N have no strata corporation, bylaws, or contingency reserve fund because bare land strata lots contain no shared building walls.

d. Boundaries in Property N are determined by the centre line of the house walls rather than by survey markers on the plan.

23′. A licensee searches the title and plan for a gated community of detached homes and notices the words 'bare land strata plan' written next to the approving officer's signature. What should the licensee advise the buyer regarding the community's private roadway and drainage system?

a. The roadway and drainage were transferred to the provincial Crown upon deposit of the plan under section 107 of the Land Title Act.

b. Only the owners whose driveways directly touch the main road are legally responsible for paving and drainage repairs.

c. They are strata common property, so all owners share repair costs and the buyer should review the reserve fund study and recent resolutions.

d. A bare land strata is identical to a leasehold strata, so the road reverts to the developer when the lease expires.

24. A rogue forges the registered owner's signature on a transfer and becomes the registered fee simple owner of a parcel. Before the fraud is discovered, the rogue grants and registers a mortgage to an innocent bank in exchange for a loan, and also transfers a neighbouring lot (acquired through the same forgery) by way of gift to his innocent cousin. When the true owner discovers the fraud and brings an action to recover both parcels, what is the legal outcome under the Land Title Act and BC case law?

a. Both the bank's mortgage and the cousin's fee simple title are protected by indefeasibility because neither party participated in the rogue's fraud.

b. The cousin loses title because a gift is not valuable consideration under section 25.1, and the bank's mortgage is kept valid on title because the bank gave full loan value.

c. The cousin loses title since a gift is not valuable consideration, and the bank's mortgage is cancelled with no assurance fund claim.

d. The cousin keeps indefeasible title as an innocent family member, while the bank's mortgage is cancelled and fully reimbursed by the LTSA assurance fund.

24′. An imposter forges a transfer of fee simple title into his own name and then sells the house for full market price to an innocent buyer who registers the transfer. Which statement correctly describes the rights of the innocent buyer and the defrauded original owner?

a. The buyer gets indefeasible title as a good-faith purchaser for value; the owner may claim from the assurance fund within 3 years, capped at value when lost.

b. Under the rule nemo dat quod non habet, the forged transfer is void and every subsequent transfer is automatically void regardless of the buyer's good faith.

c. The innocent buyer keeps the land, and the original owner is entitled to recover the current market value of the land plus the value of all new buildings constructed by the buyer after the loss.

d. The buyer keeps the land even if she paid only a nominal one-dollar consideration to the imposter.

25. A buyer completes the purchase of a residential property and becomes the registered fee simple owner. On moving day, she discovers a tenant living in the basement suite under an unregistered three-year lease signed with the previous owner. How do sections 20(3) and 23(2)(d) of the Land Title Act apply to this tenant?

a. The lease is void against the new owner because section 20(1) states that no unregistered instrument passes any estate or interest in land.

b. The lease is valid only between the tenant and the previous owner, so the new owner may evict the tenant immediately as a trespasser.

c. The tenant's lease is valid only if it was disclosed in the Land Owner Transparency Registry before the transfer completed.

d. The lease binds the new owner without registration because it is for 3 years or less with actual occupation, an exception to indefeasibility.

25′. An investor signs a three-year lease for a vacant commercial storage yard, pays a deposit, does not register the lease, and never moves any equipment onto the land or takes possession. Before the investor moves in, the landowner sells and transfers fee simple title to a third-party buyer who registers title. Is the third-party buyer bound by the three-year lease?

a. Yes, because every lease for a term of three years or less is automatically protected against third parties regardless of possession.

b. No, the short-lease exception needs both a term of three years or less and actual occupation, and the investor never occupied.

c. Yes, because the investor can claim compensation from the assurance fund for the loss of an unregistered lease.

d. No, because commercial leases of any length must be approved by the municipal approving officer to be valid.

26. A buyer is completing the purchase of a newly constructed strata apartment directly from the developer, while across town a homeowner is paying a general contractor for a major house addition. Under the Strata Property Act regulations and the Builders Lien Act, what holdback percentages apply to the strata buyer and the homeowner respectively, and what is the deadline for a contractor to file a claim of builders lien?

a. Strata buyer holds back 7% of the gross purchase price; homeowner holds back 10% of the greater of contract price or payments; liens within 45 days.
b. Both the strata buyer and the homeowner must retain 10% of the purchase or contract price, and a builders lien claim must be filed within 55 days.
c. The strata buyer retains 10% of the assessed value, the homeowner retains 7% of the contract price, and a builders lien claim must be filed within 21 days.
d. The strata buyer automatically deducts 7% from the purchase price of any resale home without needing a contract clause, and the lien claim deadline is 1 year.

26′. A listing licensee runs a title search on a residential property and discovers two entries: a judgment registered by an unsecured creditor, and a note reading 'Duplicate Indefeasible Title: Issued / Outstanding'. How do these two items affect the upcoming transaction?

a. The judgment expires 2 months after registration like a caveat, and an outstanding duplicate title only blocks short-term leases.
b. The judgment lapses 2 years after registration unless renewed, and while the duplicate is outstanding the registry will not accept a transfer, mortgage or long-term lease.
c. The outstanding duplicate title means a certificate of pending litigation (CPL) is on title, which completely freezes all filings with no exceptions.
d. Both items are placed in the Legal Notations section along with Community Charter section 57 notices and never expire.

27. A British Columbia corporation (not listed as exempt in Schedule 1) signs and applies to register a twelve-year commercial lease over a freestanding warehouse parcel. One individual shareholder holds 10% of the issued voting shares of that corporation. Under the Land Owner Transparency Act (LOTA), what are the filing obligations for this registration?

a. No LOTA filings are required because only fee simple transfers trigger LOTA, and corporate shareholders are only disclosed if they hold at least 25% of the shares.
b. The corporation files a transparency declaration and, as a reporting body taking a lease over 10 years, a transparency report naming the 10% shareholder.
c. The registrar will register the lease first and give the corporation 2 years to submit a transparency declaration.
d. Once the transparency report is filed, any subsequent buyer dealing with the landlord is bound by constructive notice of all beneficial owners named in the report under section 29 of the Land Title Act.

27′. After a relevant corporation properly files a transparency report upon buying land in BC, a share transfer occurs and a new individual acquires 10% of the corporation's shares, while the land title itself remains unchanged. Under section 16(1) of the Land Owner Transparency Act, what must the corporation do?

a. Nothing until the corporation sells or mortgages the land at the land title office.
b. File a caveat at the land title office within 45 days of the share transfer.
c. Apply for a new nine-digit Parcel Identifier (PID) because the corporate beneficial ownership behind the registered title has changed.
d. File a new transparency report within 2 months of knowing, or when it ought to know, that the old report no longer reflects its interest holders.

28. An owner of an unregistered manufactured home wants to list the home for sale and move it to a new pad across town next month. Under the Manufactured Home Act and the course manual, which statement correctly describes the legal requirements and registry system?

a. An unregistered manufactured home can be offered for sale as long as it has an MHR safety label, and the buyer receives an indefeasible title certificate upon closing.
b. A transport permit remains valid for 2 months from issue, and a creditor's caution in the Manufactured Home Registry lapses after 21 days.
c. It must not be sold, offered or moved while unregistered; moving needs registration and a 30-day transport permit, now handled via BC Registry Services.
d. Once the wheels are removed from a manufactured home on a rented pad, the Manufactured Home Act no longer applies and tenancy disputes are governed by the Residential Tenancy Act.

28′. A claimant who has commenced a court action over ownership of a manufactured home registers a caution in the Manufactured Home Registry. How long does that caution remain effective unless a court orders otherwise, and what is the maximum fine for moving a manufactured home without a transport permit?

a. The caution expires after 3 months, and the maximum fine for violating movement, permit, or sale rules is $2,000.
b. The caution expires after 2 months like a land title caveat, and the maximum fine is $25,000.
c. The caution expires after 30 days, and the maximum fine is $50,000.
d. The caution remains in effect for 1 year, and losses are compensated from the Manufactured Home Assurance Fund.

Chapter 5 · The Professional Liability of Real Estate Licensees licensing-conduct

Items marked ′ are variants on the same point: do one when you miss the main question.

29. Before publishing a residential listing, a listing licensee notices that the homeowner's sketch shows a finished basement area that clearly includes an unheated detached garage. The licensee still advertises the total figure as finished living area, adding the standard phrase 'Information believed to be correct but not guaranteed.' After purchasing the property, the buyer sues for loss caused by the overstated living area. Which statement best describes the licensee's liability?

a. The licensee is protected because the standard disclaimer eliminates any duty of care owed to an unrepresented buyer.
b. The licensee is liable because no form of disclaimer can protect a person who publishes information while knowing it to be inaccurate.
c. The licensee owes a duty of care only to the seller client, so the buyer's sole legal remedy is against the homeowner.
d. The buyer's loss is considered too remote in law because floor area discrepancies affect property value rather than physical safety.

29′. A listing licensee copies septic system capacity figures from a decade-old brochure without checking municipal records or advising the buyer to verify them, relying solely on a general footnote stating 'All information is believed accurate but not warranted.' When the septic system proves undersized for the listed bedroom count, why does the licensee's defence fail in a negligence action?

a. A general blanket disclaimer has been held insufficient by the courts to override the duty of care a listing licensee owes to a buyer.
b. Septic capacity is governed strictly by the Real Estate Compensation Fund rather than common law tort principles.
c. Licensees are held to the lowest standard of care in property transactions because buyers always hire home inspectors.
d. Disclaimers are legally valid only if countersigned by the Superintendent prior to publication.

30. Which statement accurately distinguishes the tort of negligent misrepresentation (under the Hedley Byrne principle) from the tort of deceit (fraudulent misrepresentation)?

a. Negligent misrepresentation requires a special relationship involving a skilled advisor and carelessness, whereas deceit requires moral fraud and can be committed by a non–expert.
b. Deceit can only be committed by a licensed professional in the course of business, whereas negligent misrepresentation applies only to casual social conversations.
c. Negligent misrepresentation is actionable per se without proof of loss, whereas deceit requires proof that the property was physically damaged.
d. A skilled advisor can avoid liability for deceit simply by refusing to charge a commission for the transaction.

30′. During a property showing, a prospective buyer asks the licensee for an opinion on projected commercial rental yields. Because a real estate licensee is treated at law as an expert in real estate matters, which set of options represents the three courses of action open to the licensee under the Hedley Byrne principle?

a. Guarantee the yield in writing, split the commission with the buyer, or refer the matter to the Compensation Fund.
b. Give a careless estimate orally, hide behind the seller's disclosure statement, or backdate the listing contract.
c. Decline to advise; advise with an express disclaimer of responsibility; or advise without qualification and take reasonable care.
d. Obtain a consent order from the Superintendent, file an undertaking, or request a letter of advisement.

31. A seller discovers after completion that their listing licensee privately agreed to rebate a portion of the commission to the buyer without informing the seller. When the seller refuses to pay the commission and the dispute reaches court, how does the law of fiduciary duty govern the burden of proof and the licensee's entitlement to commission?

a. The seller bears the burden of proving that the rebate reduced the final sale price, and the licensee keeps the remaining net commission.
b. Because the licensee reduced their own income rather than making a secret profit, no breach of fiduciary duty occurred.
c. The burden of proof is on the licensee to show full compliance with fiduciary duties, and the licensee forfeits the right to collect the claimed commission.
d. The dispute must be decided by the Errors and Omissions Insurance Corporation, which reimburses the licensee for lost commission.

31′. A brokerage acting for a seller receives a higher offer from a third party before closing, fails to disclose that higher offer to the seller, and subsequently arranges a quick resale at the higher price. In the ensuing court action for breach of fiduciary duty, who bears the onus of proof and what is the primary consequence regarding the brokerage's commission?

a. The seller must prove beyond a reasonable doubt that the brokerage acted with criminal intent before commission can be withheld.

b. The licensee/brokerage must prove every fiduciary duty was met, and the breach costs it the commission it claims.

c. The brokerage keeps its commission as long as the original sale price matched the initial listing appraisal.

d. The seller's only recourse is to claim up to $200,000 from the Real Estate Compensation Fund.

32. A real estate representative signs an independent contractor agreement with a brokerage. On Tuesday afternoon, the representative negligently misstates zoning bylaws to a buyer during a property tour. That night, after finishing work, the representative drives a company-owned car to a movie theatre and negligently causes a traffic collision. For which incident(s) is the brokerage vicariously liable?

a. Neither incident, because signing an independent contractor agreement shields the brokerage from vicarious liability for all actions of the representative.

b. Both incidents, because the representative used a company-owned vehicle at night and held a licence through the brokerage during the day.

c. Only the nighttime traffic collision, because motor vehicle accidents automatically bind the registered owner of the brokerage.

d. Only the zoning misstatement during the property tour, because courts treat a representative as an employee for acts committed in the ordinary course of employment.

32′. A buyer sues both a representative and the representative's brokerage after the representative fraudulently alters a property inspection summary while negotiating an offer on behalf of the brokerage. The brokerage argues it cannot be held vicariously liable because the representative had an independent contractor tax status and committed an intentional wrong. How do the courts treat the brokerage's defence?

a. The defence succeeds because vicarious liability applies only to minor clerical carelessness by salaried staff.

b. It fails: representatives are treated as employees here, and an employer can be liable even for fraud done in the ordinary course of employment.

c. The defence succeeds unless the managing broker personally typed the altered inspection summary.

d. The court must dismiss the civil suit against the brokerage because fraud by licensees is handled exclusively by the Financial Services Tribunal.

33. A homeowner gives a listing licensee control of a residence for a Sunday afternoon open house. While walking through the kitchen, a prospective buyer slips on water leaking from a faulty appliance and is injured. Under the BC Occupiers Liability Act (OLA), how is responsibility determined?

a. The homeowner and the hosting licensee can both be occupiers at once, each owing reasonable care to keep visitors and their property reasonably safe.
b. Once the licensee takes the keys for the open house, the homeowner's liability as an occupier is completely extinguished for the whole afternoon.
c. The OLA overrides and lowers any higher standard of repair imposed on landlords by the Residential Tenancy Act.
d. Open house visitors are classified as bare licensees at common law and are deemed to willingly assume all indoor hazards.

33′. Which statement accurately describes the relationship between the general duty of care under the Occupiers Liability Act (OLA) and higher standards of care found in other statutes such as the Residential Tenancy Act or the Workers Compensation Act?

a. The OLA replaces all other statutory safety duties so that landlords and workplace owners only ever face a single minimum standard.
b. Under OLA s.3(4), the Act does not relieve an occupier from any higher standard of care imposed by another enactment on a particular class of persons.
c. Higher statutory standards apply only when a trespasser enters agricultural or wilderness land for criminal purposes.
d. The OLA applies only to personal injury and excludes any duty regarding a visitor's personal property brought onto the premises.

34. A homeowner purchases a residence next to a small manufacturing plant that has operated in the area for many years. Corrosive fumes escaping from the plant's vents cause physical blistering to the exterior paint of the homeowner's house. When sued in private nuisance, the plant owner argues that the homeowner voluntarily moved next to an existing plant and that the plant uses industry–best filtration. How will a court evaluate these defences?

a. Both defences succeed because moving next to a known nuisance constitutes voluntary assumption of risk, and exercising utmost care defeats nuisance liability.
b. The homeowner must refile the action as trespass because escaping fumes are an intentional and direct entry actionable per se.
c. Neither succeeds: coming to the nuisance and taking utmost care are not defences, and reasonableness is no answer to physical damage.
d. The plant owner is immune as long as other factories in the district also contribute to the corrosive fumes.

34′. Which statement correctly contrasts the tort of trespass to land with the tort of private nuisance?

a. Trespass requires proof of substantial financial damage, whereas private nuisance is actionable per se without any harm.
b. Trespass is a direct, intentional entry actionable per se; nuisance arises from use of one's own land, harms a neighbour's enjoyment, and needs proof of damage.
c. Honest mistake is a complete defence to trespass when a courier leaves packages on the wrong driveway, whereas mistake is never relevant in negligence.
d. Abatement allows a landowner to use unlimited force to eject a trespasser without prior request.

35. A managing broker misappropriates trust deposits belonging to three separate households and flees. Meanwhile, an associate broker at the same brokerage faces a $5,000 Category C administrative penalty for failing to exercise reasonable care and skill on an unrelated file. How do the Real Estate Compensation Fund and the Errors and Omissions (E&O) Insurance plan respond?

a. E&O insurance reimburses the stolen trust deposits, and the Compensation Fund pays the associate broker's $5,000 administrative penalty.
b. The Compensation Fund covers up to $1,000,000 per household without a brokerage cap, and E&O insurance covers the $5,000 administrative penalty because it arose from carelessness.
c. Each household is capped at $200,000 within a shared $1,000,000 brokerage limit, and the associate broker pays the $5,000 penalty personally, as E&O excludes penalties.
d. Both the stolen deposits and the administrative penalty are paid out of BCFSA's discipline enforcement budget after a 30-day appeal to the Financial Services Tribunal.

35′. According to the 2020 course manual wording, which body was described as the industry disciplinary body and what three traditional sanctions were listed — even though under current BC law (RESA Part 4) the Superintendent at BCFSA exercises all disciplinary powers with expanded statutory penalties?

a. The Financial Services Tribunal, with powers limited to letters of advisement, undertakings, and mediation.
b. The Real Estate Errors and Omissions Insurance Corporation, with powers to reprimand, fine up to $500,000, and seize trust accounts.
c. The Real Estate Compensation Fund Corporation, with powers to suspend licences, award civil damages, and prosecute criminal offences.
d. The Real Estate Council of BC, with traditional sanctions listed as reprimand, licence suspension, and licence cancellation.

Chapter 6 · Commercial and Residential Tenancies tenancy–strata

Items marked ′ are variants on the same point: do one when you miss the main question.

36. A property owner signs a document titled 'Personal Licence Agreement' with a florist for a street–level shop. Although the document calls the florist a 'licensee,' it grants the florist the sole keys and the right to exclude everyone, including the owner, from the premises for a two–year period at a monthly fee. If the owner sells the building six months later, how will a court most likely classify the florist's interest?

a. As a contractual licence that does not run with the land, because the document is explicitly titled a licence agreement.

b. As a lease that creates an interest in land and binds the new building owner, because the agreement grants exclusive possession.

c. As a residential tenancy governed by the Residential Tenancy Act, because any exclusive possession triggers the RTA.

d. As a tenancy at will that terminates automatically the moment the building is transferred to a new buyer.

36′. An artist signs a contract with a studio owner to use one open workbench inside a shared hall. The owner retains full access to the hall at all hours and can move the artist to any available bench each morning. When the studio owner sells the hall to a developer, the artist claims to hold a lease that binds the developer. Is the artist's claim valid?

a. Yes, because any written agreement to use space inside a building for a fee creates an interest in land.

b. Yes, because commercial licences automatically convert into periodic tenancies when the property is sold.

c. No, because a studio workbench is governed by the Residential Tenancy Branch rather than common law.

d. No, without exclusive possession of a defined space the artist holds only a licence, which does not bind a buyer.

37. A seller agrees to let the buyer of a commercial office unit move in three weeks before the completion date so the buyer can set up office furniture. Their agreement does not mention rent or a fixed duration, and either party may end the occupancy at any time. What type of tenancy exists during those three weeks, and what happens if the closing is delayed and the seller starts accepting monthly rent payments?

a. A periodic tenancy exists initially, which converts into a 99-year fixed-term lease once rent is accepted.
b. A fixed-term lease exists initially, which terminates automatically without notice only after an RTB order is issued.
c. A tenancy at will; once the seller starts taking periodic rent, the law may imply a periodic tenancy that needs reasonable notice to end.
d. A mere licence exists that prohibits the owner from claiming any compensation for use and occupation even if no rent waiver was agreed.

37′. A bakery signs a commercial lease for a definite two-year term starting January 1, 2025, and ending December 31, 2026. Neither the landlord nor the bakery gives any written notice before December 31, 2026, and the bakery vacates on that final day. Under the rules governing commercial fixed-term tenancies, did the bakery terminate the lease properly?

a. Yes, because a commercial fixed-term lease expires automatically at the end of the term without either party having to give notice.
b. No, because a commercial fixed-term lease automatically converts into a month-to-month tenancy unless one month's notice is given.
c. No, because any lease exceeding one year requires six months' reasonable notice before the end date.
d. Yes, but only if the bakery generates a termination notice through the online portal at least 21 days before moving out.

38. According to the course manual, when a residential landlord serves a Notice to End Tenancy so that the landlord or a close family member can occupy the rental unit, what is the minimum notice period required, how many days does the tenant have to dispute the notice, and how much compensation must the landlord provide?

a. 2 months' notice, 15 days for the tenant to dispute, and compensation equal to 1 month's rent.
b. 1 month's notice, 10 days for the tenant to dispute, and no monetary compensation.
c. 4 months' notice, 30 days for the tenant to dispute, and compensation equal to 2 months' rent.
d. 10 days' notice, 5 days for the tenant to dispute, and compensation equal to half a month's rent.

38′. According to the course manual, if a residential landlord intends to end a tenancy to perform major renovations or demolition that require the rental unit to be vacant, how much notice must the landlord give the tenant, and how many days does the tenant have to apply for dispute resolution?

a. 1 month's notice, with 10 days for the tenant to apply for dispute resolution.
b. 2 months' notice, with 15 days for the tenant to apply for dispute resolution.
c. 4 months' notice, with 30 days for the tenant to apply for dispute resolution.
d. 12 months' notice, with 5 days for the tenant to apply for dispute resolution.

39. Two tenants in the same mixed-use building fall behind on their rent: Tenant X operates a ground-floor dry-cleaning business under a commercial lease, and Tenant Y lives in an upstairs apartment under a residential tenancy agreement. Both owe two months' rent. Which statement correctly describes the landlord's right to use distress (seizing and selling the tenant's personal property to recover rent arrears)?

a. The landlord may exercise distress against both Tenant X and Tenant Y as long as the rent is at least 15 days overdue.
b. The landlord is prohibited from exercising distress against either tenant because distress was abolished for all tenancies in British Columbia.
c. The landlord may exercise distress against residential Tenant Y, but must sue commercial Tenant X in Small Claims Court first.
d. Distress is available against commercial Tenant X under the CTA and Rent Distress Act, but the RTA bars seizing residential Tenant Y's goods.

39′. A residential landlord increases a tenant's rent 14 months after the tenancy began, giving three full months' written notice on the approved form RTB-7. Last year, the landlord did not raise the rent at all. Can the landlord add last year's unused allowable percentage to this year's annual allowable rent increase limit?

a. Yes, unused annual rent increase limits can be banked and carried forward for up to two years.
b. No, a landlord cannot carry forward or add unused rent increase room from a previous year, and cannot round the calculated amount up.
c. Yes, provided the landlord gives at least six months' notice instead of three months' notice.
d. No, unless the property is sold to a new landlord, because a change of landlord resets the right to increase rent immediately.

40. When a residential tenancy agreement is signed, the tenant has a dog. Under the Residential Tenancy Act, what is the maximum amount the landlord may collect for a security deposit and for a pet damage deposit, and within how many days must the landlord return the deposits (with interest) or apply to the RTB after the later of the tenancy end date and the date the landlord receives the tenant's forwarding address in writing?

a. Up to half a month's rent for each deposit, and within 30 days of the later of those two dates.
b. Half a month's rent for the security deposit and another half month for the pet deposit; within 15 days.
c. Up to half a month's rent in total for both deposits combined, and within 15 days of the later date.
d. Any amount the parties negotiate in the written agreement, and within 21 days of the later date.

40′. A residential tenant moves into an apartment without any pets and pays a half-month security deposit when signing the tenancy agreement. Eight months into the tenancy, the landlord gives the tenant permission to get a cat. Under the Residential Tenancy Act, what may the landlord require regarding deposits at that time?

a. A pet damage deposit of up to half a month's rent when the cat is first allowed, together with a condition inspection.
b. The landlord cannot collect a pet damage deposit because all deposits must be collected on the day the tenancy agreement is signed.
c. The landlord may collect a second security deposit plus a full month's rent as a pet deposit.
d. The landlord may increase the monthly rent immediately by 10% without using form RTB-7 because a cat is an additional occupant.

41. There is no emergency, no abandonment, and no housekeeping agreement, and the residential tenant has not given consent to enter. Under section 29 of the Residential Tenancy Act, what must a landlord do to lawfully enter the rental unit for a routine monthly inspection?

a. Written notice 24 hours to 30 days ahead, giving a reasonable purpose and an entry time between 8 a.m. and 9 p.m.
b. Send a text message 12 hours in advance and enter at any time before midnight.
c. Enter at any time without notice as long as a clause in the residential tenancy agreement reserves the landlord's right of unrestricted entry.
d. Obtain a Writ of Possession from the BC Supreme Court before each monthly inspection.

41′. A seller's licensee is hired to sell a tenanted residential condo. On Tuesday afternoon, the licensee mails a written notice of entry to the tenant's mailbox address for a buyer showing scheduled for Thursday morning. Based on the deemed service rules in section 90 of the Residential Tenancy Act and best practices for showing tenanted properties, why is this approach problematic?

a. Mailed notices are deemed received on the 10th day after mailing, and showings of tenanted units are only permitted after 9:00 p.m.

b. A licensee is never permitted to enter a tenanted unit until the tenant has moved out completely.

c. Showings of a tenanted unit require an Order of Possession generated through the RTB online web portal before any buyer visits.

d. Mail is deemed received only on the 5th day, so the 24-hour clock has not begun by Thursday; agree a showing schedule with the tenant first.

42. A commercial tenant abandons a retail store with three years left on a five-year fixed-term lease. Under common law rules, including the Supreme Court of Canada decision in Highway Properties, which statement accurately describes the commercial landlord's options and duty to mitigate?

a. The commercial landlord has a strict statutory duty to re-rent the store immediately, and failing to do so forfeits all rent claims.

b. If the landlord re-lets the store without notifying the defaulting tenant, the landlord automatically preserves the right to sue for future rent deficits over the remaining three years.

c. There is no general duty to re-let, but under Highway Properties the landlord may end the lease and claim lost future benefit after clearly notifying the tenant.

d. The landlord must apply to the Residential Tenancy Branch within 15 days to claim damages under the doctrine of caveat lessee.

42′. A residential tenant holds a one-year fixed-term tenancy agreement with eight months remaining. The tenant gets a job in another province and asks the landlord for written consent to assign the tenancy to a qualified replacement tenant. Under section 34 of the Residential Tenancy Act, what are the landlord's rights and obligations?

a. The landlord may refuse consent arbitrarily for any reason, or charge the tenant an administrative fee for granting consent.

b. Because the fixed-term tenancy has six months or more remaining, the landlord must not unreasonably withhold written consent and must not charge a fee for consenting.

c. The tenant does not need the landlord's consent unless the residential tenancy agreement contains an express clause prohibiting assignment.

d. If the tenant abandons the apartment instead of assigning it, the residential landlord has no duty to mitigate losses by trying to re-rent the unit.

Chapter 7 · Strata Properties and Cooperatives tenancy-strata

Items marked ′ are variants on the same point: do one when you miss the main question.

43. A strata corporation wishes to grant an owner the exclusive right to use a standard surface parking stall located on common property. If the strata corporation does NOT amend the strata plan and does NOT pass a 3/4 vote to designate the stall as limited common property (LCP), what is the maximum duration for which short-term exclusive use of this non-EV stall may be granted under Section 76 of the Strata Property Act?

a. Up to 1 year, subject to renewal, conditions, and cancellation on reasonable notice
b. Up to 5 years, which is the standard statutory period for all common property parking stalls
c. Permanently, because any exclusive use permission granted by the strata council runs with the land
d. Up to 60 days, matching the statutory validity period of a Certificate of Payment

43′. A seller tells his listing licensee that his apartment comes with two parking stalls that 'belong to the unit forever.' Upon checking the strata plan and Land Title Office filings, the licensee discovers that Stall 12 is designated as limited common property (LCP) for the seller's strata lot, while Stall 45 is common property used under a permission from the strata council. Which statement accurately describes how these stalls can be dealt with in a sale?

a. Both stalls can be sold separately to another owner in the building by transferring a fee simple title for each stall, since both are recorded against the lot
b. Stall 12 passes with the strata lot to the buyer as LCP, while Stall 45 is a revocable permission of up to 1 year that the strata corporation may cancel on reasonable notice
c. Neither stall can be used by the buyer until the strata corporation passes a fresh unanimous vote at the next annual general meeting confirming the transfer
d. Stall 12 expires one year after completion and must be re-granted by council, while Stall 45 is permanently attached to the strata lot and passes on transfer

44. An aging strata building has 100 strata lots, each entitled to one vote. At a duly called Special General Meeting (with 4 weeks' written notice), 80 eligible voters attend in person or by proxy and all 80 cast valid votes—none abstain. If 70 of those voters vote in favour, what is the outcome for (1) a resolution to amend the bylaws, and (2) a resolution to wind up the strata corporation and cancel the strata plan?

a. Both resolutions pass, because 70 out of 80 votes cast equals 87.5%, which exceeds both the 75% and 80% thresholds
b. The bylaw amendment passes (70 of 80 votes cast beats 3/4), but the winding-up fails because 70 is below 80% of all 100 eligible voters
c. Neither resolution passes, because both a bylaw amendment and a winding-up resolution need a unanimous vote of all 100 owners
d. The winding-up passes because a simple majority of those present is enough to wind up, but the bylaw amendment fails for lack of quorum

44′. A 50-unit residential strata corporation is considering selling the entire property to a developer. Before calling a formal winding-up vote, the owners want to pass a resolution authorizing the strata council to hire a brokerage to market the building and test buyer interest. What voting threshold is required for hiring the brokerage versus passing the later winding-up resolution?

a. Both steps require an 80% vote of all 50 eligible voters, because hiring the brokerage is legally the first step of a winding-up
b. Hiring the brokerage requires a 3/4 vote of voters present, and winding up requires a unanimous vote of all 50 owners
c. Hiring the brokerage needs only a majority vote; the winding-up needs 80% of all eligible voters plus BC Supreme Court approval
d. Hiring the brokerage requires a majority vote, and winding up requires a 3/4 vote of those present at the meeting without court involvement

45. A strata corporation has an annual operating fund budget of $200,000, and its contingency reserve fund (CRF) currently holds $80,000. According to the traditional exam course manual rule (the pre-November 2023 rule), what is the mandatory minimum annual contribution to the CRF, and how does this compare with the current BC rule?

a. Under the exam manual rule, $20,000 is mandatory because 10% is always required; under current law, $0 is required once the CRF exceeds 25%
b. Exam rule: $50,000 is mandatory every year as a flat 25% top-up; current rule: only 5% ($10,000) is required each year
c. Exam rule: $0 is mandatory because the CRF already exceeds 25% of the operating fund; current rule: at least 10% ($20,000) every year
d. Under both the exam rule and the current rule, the mandatory yearly contribution is capped at $2,000 unless the bylaws allow more

45′. A strata corporation's annual operating fund budget is $100,000, and its contingency reserve fund (CRF) currently has a balance of $18,000. Under the traditional exam course manual rule (the 25% threshold rule), what is the minimum mandatory contribution to the CRF for the upcoming fiscal year?

a. $7,000, the lesser of 10% of the operating fund ($10,000) and the amount needed to bring the CRF up to 25% ($7,000)
b. $25,000, because the strata corporation must contribute a flat 25% of the operating budget whenever the fund is low
c. $0, because the CRF balance of $18,000 already exceeds the 10% minimum reserve threshold set for the fund
d. $50,000, because the 50% ceiling on the developer's seed contribution also applies to annual budgets

46. A strata corporation with 40 residential strata lots is reviewing its obligation to obtain a depreciation report. Under the traditional exam course manual rule (the 2011 regime), how often must a depreciation report be obtained and how can it be waived, versus the current BC regulation effective July 1, 2024?

a. Exam rule: every 5 years with no waiver allowed; current rule: every 3 years unless waived by a majority vote
b. Exam manual: only required for buildings over 100 lots; Current law: exempt if the building is outside Metro Vancouver
c. Exam manual: every year unless waived by the strata council; Current law: every 10 years with a unanimous vote waiver
d. Exam rule: every 3 years, waivable by a 3/4 vote renewed within 18 months; current rule: every 5 years with no waiver

46′. In 2026, a strata corporation with 25 strata lots calls a general meeting to repair the roof exactly as recommended in its most recent depreciation report, using $90,000 from the contingency reserve fund (CRF). What voting threshold is required to approve this CRF expenditure?

a. An 80% vote of all eligible voters in the strata corporation
b. A majority vote of the voters present in person or by proxy at the general meeting
c. A unanimous vote of all 25 strata lot owners because the expenditure exceeds $2,000
d. A 3/4 vote, because every expenditure from the CRF without exception requires a 3/4 vote

47. On April 1, a strata corporation passes a 3/4 vote approving a special levy for balcony repairs payable in two equal instalments: $4,000 due on May 1 and $4,000 due on July 1. An owner sells her strata lot with a completion and conveyance date of June 1, and their contract of purchase and sale says nothing about special levies. Under Section 109 of the Strata Property Act, how is liability for the $8,000 levy allocated between the seller and the buyer?

a. The seller owes the $4,000 instalment due on May 1 (before conveyance), and the buyer owes the $4,000 instalment due on July 1 (on or after conveyance)
b. The seller owes the entire $8,000 because the special levy resolution was approved on April 1 while the seller was still the owner
c. The buyer owes the entire $8,000 because all special levies approved in the current fiscal year attach exclusively to the incoming purchaser
d. The strata corporation must pay the $8,000 out of the contingency reserve fund whenever a lot changes hands mid-levy

47′. Water overflows from a strata lot's plumbing and causes $120,000 in damage to common property hallways. The strata corporation's property insurance policy has a $25,000 deductible. Under Section 158 of the Strata Property Act, how can the strata corporation pay this $25,000 deductible and when can it recover the amount from the owner of the strata lot where the leak originated?

a. The council must first obtain a 3/4 vote at a Special General Meeting to pay the deductible, and it can only sue the owner if it proves the owner was legally negligent
b. The insurer pays the deductible out of the $2,000,000 liability coverage, so the strata corporation cannot bill any individual owner for it
c. It may pay from the CRF or by special levy without the usual owner approval, and may sue a responsible owner to recover it without proving negligence
d. It must wait 60 days and pass an 80% vote of all eligible voters before it may pay the deductible or begin repairing the hallway

48. An owner who is selling his strata lot is up to date on his monthly strata fees, but he owes the strata corporation $600 in validly imposed bylaw fines that he refuses to pay. When the buyer's lawyer prepares to register the transfer of title at the Land Title Office, what enforcement tool does the strata corporation have regarding the $600 in unpaid fines?

a. The strata corporation can register a super-priority Certificate of Lien against the strata lot title for the $600 in bylaw fines
b. It cannot register a lien for fines, but it can withhold the Form F, without which the registrar will not accept the transfer
c. The strata corporation must issue the Form F immediately, because fines automatically expire after 60 days under the Limitation Act
d. It can cancel the owner's unit entitlement and convert the strata lot into common property until the fines are paid

48′. A buyer's licensee orders a Form B (Information Certificate) during the subject-removal period. Which statement accurately describes the statutory rules governing Form B under the Strata Property Act?

a. It costs a maximum of $15, remains valid for 60 days, and is required by the Land Title Office registrar to transfer title
b. Its summary of the strata corporation's insurance coverage is unconditionally binding on the strata corporation even if provided by an insurance broker
c. It only discloses special levies that have already been passed, and never mentions proposed resolutions that have merely been noticed for an upcoming meeting
d. It must be issued within 1 week for up to $35 plus 25 cents a page, and must disclose noticed but unvoted resolutions such as 3/4 vote levies

49. A buyer is comparing a fee simple strata apartment with a unit in a residential housing cooperative incorporated under the Cooperative Association Act. How does purchasing and financing the cooperative unit differ legally from purchasing the strata lot?

a. The buyer acquires shares plus a long-term lease rather than fee simple title, the board usually must approve the buyer, and conventional financing is harder
b. The cooperative buyer receives a separate fee simple title in the Land Title Office and is protected against board screening by Section 141 of the Strata Property Act
c. The cooperative board cannot reject any buyer who has a 20% down payment, and any developer selling cooperative interests is exempt from the Real Estate Development Marketing Act (REDMA)
d. If three members in a 10-unit cooperative default on their share of the blanket mortgage, the remaining seven members have no financial exposure because each unit has a separate title

49′. A seller lists a residential unit in a 12-unit housing cooperative. Before accepting an offer, what key risks and legal rules about housing cooperatives should the licensee explain to the parties?

a. The buyer must obtain a Form F Certificate of Payment from the strata council before the Land Title Office will transfer the fee simple lot

b. The cooperative board of directors cannot refuse a transfer once a licensed brokerage has completed a satisfactory credit check on the buyer

c. Any dispute between a non-profit cooperative and its member over occupancy charges is decided by the Residential Tenancy Branch under the RTA

d. The board usually has wide discretion to reject a buyer, and if a few members default on the blanket mortgage, the others must cover it to avoid foreclosure

Chapter 8 · Introduction to Financial Statements valuation

Items marked ′ are variants on the same point: do one when you miss the main question.

50. Clara wants to acquire a dry-cleaning business that owns the commercial building in which it operates. In which of the following scenarios must the intermediary representing Clara hold a real estate licence?

a. Clara purchases 100% of the shares of the corporation that holds title to the commercial building and operates the dry-cleaning business.
b. Clara purchases only a partial shareholding in the corporation that owns the commercial building, while the founder retains the remaining shares.
c. Clara purchases only the dry-cleaning machines, customer list, and chemical inventory, and moves them to a building she already owns.
d. Clara purchases all the shares of a mobile laundry delivery company that owns delivery vans but neither owns nor leases any real estate.

50′. Marcus is negotiating to buy a neighbourhood restaurant. Under which of the following transaction structures is a real estate licence NOT required for the representative handling the sale?

a. Marcus buys the kitchen equipment, furniture, and goodwill together with an assignment of the restaurant's retail lease.
b. Marcus buys the restaurant's physical land, building, and dining room fixtures as a combined asset package.
c. Marcus buys a partial block of shares in the incorporated restaurant company that owns the restaurant building.
d. Marcus buys 100% of the issued shares of the corporation that owns the land and building where the restaurant operates.

51. Elena is a limited partner in a limited partnership (LP) formed to acquire a commercial plaza. Worried about rising operating costs, Elena begins negotiating directly with maintenance contractors and managing the plaza's daily operations. What is the legal consequence of Elena's actions?

a. Her liability remains capped at her initial capital contribution because a limited partnership is a separate legal entity incorporated by certificate.
b. She loses her limited liability protection because a limited partner who participates in daily management becomes exposed to unlimited liability.
c. The partnership automatically converts into a Personal Real Estate Corporation (PREC) covered by errors and omissions insurance.
d. The partnership loses its tax conduit status and must immediately pay corporate income tax before distributing dividends.

51′. Two accountants form a general partnership to invest in rental properties. Without consulting his partner, Partner A signs a supply contract on behalf of the partnership that results in a large unpaid debt. How is Partner B affected?

a. Partner B has no personal liability because he neither knew about nor consented to the supply contract.
b. Partner B is only liable up to the amount of capital he originally contributed to the partnership.
c. Partner B is protected because the partnership itself pays corporate tax and absorbs all commercial debts as a separate legal entity.
d. Partner B is jointly and severally liable to an unlimited extent for the entire partnership debt, even though he did not know of or consent to it.

52. A brokerage signs a listing contract stating that if the sale fails to complete for any reason, the brokerage is not entitled to a commission. Subjects are removed in November, the title transfer completes in December, and the commission cheque clears in January. Under the accrual basis of accounting, when should the brokerage recognize the commission revenue?

a. In November when subjects are removed, because all conditions precedent have been waived.
b. In January when the cash is deposited, because objectivity requires waiting for bank clearance.
c. In December when title transfers, because under these contract terms that is when the revenue is earned.
d. Evenly across November, December, and January under the matching principle.

52′. On January 1, a commercial landlord pays an annual property insurance premium covering the entire calendar year. When preparing monthly financial statements, the accountant allocates one-twelfth of the premium to each month rather than expensing the full payment in January. Which accounting principle requires this treatment?

a. The matching principle, which spreads expenses not tied to one revenue item over the periods that benefit.
b. The materiality principle, which requires all prepaid items regardless of value to be written off immediately.
c. The cost principle, which requires insurance policies to be revalued to market replacement cost each quarter.
d. The cash basis principle, which records expenses only when the cheque is written in January.

53. A private real estate holding company buys a small office building for $680,000, paying $170,000 down and financing the rest with a mortgage, even though a recent appraisal put its value higher. Under Canadian GAAP (ASPE) and the cost principle, at what amount is the property first recorded on the balance sheet?

a. At the higher appraised fair market value, because balance sheets must reflect current resale prices.
b. At $680,000, the actual price paid, because the cost and objectivity principles use historical cost.
c. At $170,000 only, because mortgage-financed portions are excluded from the asset side of the balance sheet.
d. At zero until the mortgage is fully repaid, because private enterprises cannot use accrual accounting in Canada.

53′. Since 2011, Canadian Generally Accepted Accounting Principles (GAAP) have been divided into two tracks: IFRS and ASPE. Which statement correctly describes how a typical private real estate brokerage in BC fits into this framework?

a. It is legally prohibited from using either IFRS or ASPE and must report exclusively using Capital Cost Allowance (CCA) tax rules.
b. It is forced to use IFRS even if it has no publicly traded shares or bonds, because ASPE was abolished.
c. It must revalue its office equipment to fair market value every year under ASPE, disregarding historical cost.
d. As a private enterprise, it may choose between IFRS and ASPE, and most private brokerages choose ASPE for cost-effectiveness.

54. An investor buys a rental property for $680,000, consisting of land valued at $220,000 and a building valued at $460,000 with an estimated economic life of 40 years and no residual value. During the year, the investor pays $40,000 in mortgage payments ($10,200 principal and $29,800 interest). How are depreciation and the mortgage payment treated on the financial statements and tax return?

a. Both land and building are depreciated over 40 years on the income statement, and the full $40,000 mortgage payment is deducted as an operating expense.
b. Only the building is depreciated ($11,500 a year), only the $29,800 interest is an expense, and tax filing uses CCA instead.
c. The $11,500 straight-line depreciation is subtracted as a cash outflow on the statement of cash flows and used directly on the income tax return.
d. The $10,200 principal payment is deducted on the income statement while the $29,800 interest is added to owner's equity on the balance sheet.

54′. When a sole proprietor prepares a year-end balance sheet after earning $6,500 in net profit and recording $11,500 in building depreciation on the income statement, how do these two figures connect to the year-end balance sheet and statement of cash flows?

a. Net profit is added to owner's equity; depreciation lowers the building's carrying amount and is added back on the cash flow statement.
b. Both the $6,500 net profit and the $11,500 depreciation are deducted from the land's carrying value on the balance sheet.
c. The $11,500 depreciation is placed in a separate bank account on the balance sheet and deducted as a cash outflow on the statement of cash flows.
d. The $6,500 net profit is recorded as a current liability, and the $11,500 depreciation replaces the need to calculate Capital Cost Allowance (CCA) for the CRA.

55. Harbourview Realty Ltd. holds client purchase deposits in its brokerage trust account, and its year-end balance sheet shows current assets of $95,000, total assets of $135,000, current liabilities of $33,000, total liabilities of $48,000, and shareholders' equity of $87,000. Which statement is correct regarding the trust funds and the brokerage's financial position?

a. The client purchase deposits held in trust must be added to the $95,000 of current assets because the trust account is under the brokerage's name.
b. The brokerage triggers regulatory intervention under Rules s.76(1)(c) because its current ratio of 2.88 and total debt-to-asset ratio of 35.6% violate solvency limits.
c. The brokerage's debt-to-equity ratio is $135,000 divided by $48,000, showing that liabilities exceed shareholders' equity.
d. Trust deposits are excluded from the brokerage's own assets, and with current and total assets above the matching liabilities, s.76(1)(c) is not triggered.

55′. Under Rules s.76(1)(c), which of the following conditions disclosed in a brokerage's annual financial filing will trigger regulatory intervention by the superintendent?

a. The brokerage excludes unearned client trust deposits from its corporate balance sheet assets.
b. The brokerage's year-end current liabilities exceed its current assets, or its year-end total liabilities exceed its total assets.
c. The brokerage files its financial statements, accountant's report, and brokerage activity report within 120 days after its fiscal year-end.
d. The brokerage maintains a debt-to-equity ratio of 0.55 and a current ratio of 2.88 at year-end.

56. Derek wants to buy a dry-cleaning business along with its storefront property, but the seller provides only a handwritten list of monthly gross receipts. Based on the regulatory guidance cited in the course manual, what should Derek's licensee advise him to obtain before making an offer?

a. A 12-month income statement dated within 120 days of the contract, a balance sheet, and a list of excluded assets, or an accountant's advice.

b. A valuation calculated by the licensee himself using the handwritten receipts and the seller's accumulated depreciation schedule.

c. Only the seller's personal income tax returns for the past 3 consecutive years, since balance sheets are only required for publicly traded companies.

d. A statutory declaration replacing the accountant's report, because dry-cleaning chemical inventory never becomes obsolete.

56′. When a licensee assists a buyer in acquiring an operating business that includes real estate, which income statement satisfies the minimum due diligence timeline recommended in the course guidance?

a. A projected income statement for the next 40 years prepared by the listing representative.

b. Any historical income statement from the last 3 consecutive fiscal years, regardless of how many months have passed since its cutoff date.

c. An income statement covering the business's most recent 12 months, with a statement cutoff date no more than 120 days before the contract date.

d. A handwritten summary of the last 53 weeks of cash withdrawals from the owner's personal bank account.

Chapter 9 · Professional Ethics licensing-conduct

Items marked ′ are variants on the same point: do one when you miss the main question.

57. After a formal hearing, the discipline committee of a local real estate board finds that a REALTOR® violated the REALTOR® Code. According to the course manual, which penalty is BEYOND the authority of the local real estate board's discipline committee and can only be imposed by the statutory regulator?

a. Suspending or cancelling the licensee's real estate licence.
b. Expelling the member from the real estate board and terminating their access to the MLS® system.
c. Issuing a formal reprimand and ordering the member to complete a remedial ethics course.
d. Imposing a membership fine and ordering the member to pay the costs of the board hearing.

57′. A REALTOR® is found guilty of breaching both the REALTOR® Code and the Real Estate Services Rules. Under the course manual's framework, how do the enforcement powers of a local real estate board differ from those of the statutory regulator?

a. The local real estate board can cancel a real estate licence for up to one year, whereas the statutory regulator can cancel it permanently.
b. Both bodies can suspend a real estate licence, but only the local real estate board can revoke MLS® access.
c. The local real estate board can suspend or expel a member from the board, whereas only the statutory regulator can suspend or cancel a real estate licence.
d. The statutory regulator enforces the REALTOR® Code for non-members, while the local board enforces RESA for members.

58. Under s. 30 of the Real Estate Services Rules, when a licensee encounters an unavoidable conflict of interest while representing a client, how must the licensee fulfill the duty of disclosure under s. 30(j)?

a. By mentioning the conflict verbally during an open house and noting the conversation in the brokerage's internal diary.
b. By embedding a conflict disclosure sentence inside the standard terms of the Contract of Purchase and Sale.
c. By promptly giving the client full written disclosure in a document separate from the service agreement and any trade agreement.
d. By waiting until the subject removal date to see whether the transaction will proceed before preparing a written notice.

58′. Clara represents a seller client under a listing agreement. Halfway through the listing period, a conflict of interest arises between Clara and her seller client. Clara types a disclosure paragraph into an addendum to the Contract of Purchase and Sale. Why does Clara's action fail to comply with s. 30(j) of the Real Estate Services Rules?

a. Because conflict of interest disclosures must be delivered orally in the presence of a notary public.
b. Because s. 30(j) requires the written conflict disclosure to be a separate document, not buried inside a service agreement or transaction contract.
c. Because conflicts arising after a listing agreement is signed only need to be reported to the local real estate board after completion.
d. Because s. 31 automatically waives conflict disclosure duties whenever a listing addendum is used.

59. Derek, a licensed trading services representative, wants to buy a residential duplex for his own investment portfolio. Under s. 53 of the Real Estate Services Rules, how must Derek handle the disclosure of interest in trade?

a. He is exempt under s. 97 as long as he does not act as anyone's agent on the paperwork and pays his own legal fees.
b. Before any agreement, promptly give the seller an approved-form disclosure of his licensee status, expected remuneration and plans to keep or resell.
c. He only needs to disclose his licence status after the seller accepts the offer, as long as he pays full market value for it.
d. He is exempt, because the Rules require a disclosure of interest only when a licensee sells property, not when the licensee buys it.

59′. Fiona holds only a trading services licence. She decides to sell a vacation cottage that she owns personally without listing it through her brokerage. She claims she does not need to make a s. 53 disclosure of interest in trade because s. 97 allows licensees to trade on their own behalf. Is Fiona's claim valid?

a. No, because s. 97 covers only licensees who hold rental property management or strata management licences, not trading services.
b. Yes, as long as the vacation cottage is located outside her local real estate board's jurisdiction.
c. Yes, provided she does not collect a commission from the buyer.
d. No, because s. 97 only exempts short-term residential tenancies of three years or less with an option to purchase.

60. Hannah is the designated agent for two separate buyer clients, Mr. Alvarez and Ms. Brooks. Both Mr. Alvarez and Ms. Brooks instruct Hannah to draft competing offers on the exact same listed house in Burnaby. Under s. 63 and s. 65 of the Real Estate Services Rules, how must Hannah proceed?

a. She may represent both buyers simultaneously as long as she treats them impartially and does not share their offer prices with each other.

b. She may represent both buyers after filing a remote-location dual agency notice with the superintendent under s. 64.

c. She can automatically drop whichever buyer called her second without obtaining anyone's written consent.

d. This is prohibited dual agency; she must either stop acting for both in this trade or keep one only with both clients' written consent in the approved form.

60′. When two buyer clients represented by the same licensee want to bid on the same property, s. 65 of the Real Estate Services Rules allows the licensee to continue representing one of them ONLY if both clients sign an agreement in the approved form. Which of the following statements MUST be included in that s. 65 approved form?

a. A statement that the licensee is now permitted to share the terminated client's confidential financial limits with the remaining client.

b. That the licensee holds the other client's confidential information, cannot disclose it, and so may give the remaining client limited advice.

c. A guarantee that the terminated client will receive half of the buyer agency commission if the remaining client wins the bid.

d. An undertaking by the managing broker to act as dual agent for both buyers until completion.

61. Listing representative Samuel is preparing to market Mr. Lindqvist's house. While reviewing the property file, Samuel sees an official letter from the municipality ordering Mr. Lindqvist to remediate an unpermitted structural beam removal in the basement. Mr. Lindqvist instructs Samuel: 'Do not tell any buyers or agents about this letter; we painted over the ceiling so nobody can tell.' Under s. 59 of the Real Estate Services Rules, what MUST Samuel do?

a. Follow Mr. Lindqvist's instruction under s. 30(b) because a licensee owes a fiduciary duty of obedience and confidentiality to the seller client.

b. Refuse to keep providing trading services to Mr. Lindqvist for this trade, and promptly notify Samuel's own managing broker.

c. Continue marketing the property, wait until a buyer signs an unconditional contract, and then mail the municipal letter to the buyer's lawyer.

d. Have Mr. Lindqvist sign a private indemnity waiver releasing the brokerage from liability, then proceed with the listing as instructed.

61′. Which of the following conditions is explicitly defined as a 'material latent defect' under s. 59(1) of the Real Estate Services Rules, requiring disclosure to all other parties before any agreement is entered into?

a. A worn-out living room carpet and scratched kitchen cabinet doors that are clearly visible during a standard walk-through.

b. A neighbourhood rumour that a nearby grocery store might close next year.

c. A lack of required municipal building or other permits for the property that a reasonable inspection would not reveal.

d. An outdated paint colour in the bedrooms that would cost $800 to repaint.

62. Representative Tessa discovers that a fellow licensee at her brokerage has been falsifying income figures on commercial property advertisements and pocketing cash referral kickbacks without disclosure. Under s. 29(5) of the Real Estate Services Rules and BCFSA guidelines, what is Tessa's primary statutory obligation, and when may she report directly to BCFSA instead?

a. She must promptly tell her managing broker, but may go straight to BCFSA if public risk is high or the managing broker is unreachable or involved.

b. She has no obligation to report unless the offending licensee belongs to a competing brokerage in another real estate board.

c. She must first confront the colleague privately and wait 30 days to see if the colleague returns the money before telling anyone.

d. Reporting misconduct is purely voluntary in BC because only clients who suffer financial loss have standing to notify the managing broker.

62′. According to BCFSA's reporting guidelines and s. 29(5) of the Real Estate Services Rules, what potential consequence does an associate broker or representative face if they knowingly fail to report suspected professional misconduct to their managing broker?

a. No consequence, because the duty to monitor compliance rests exclusively on the managing broker under s. 28.

b. A mandatory criminal felony conviction prosecuted by the Financial Services Tribunal.

c. An automatic Category A administrative penalty of $1,000 issued by the local real estate board.

d. Knowingly failing to report may itself be found to be conduct unbecoming and lead to discipline.

63. Following a discipline hearing (or consent order) under the Real Estate Services Act (RESA), what are the maximum discipline fines that BCFSA's superintendent can impose per contravention, and to which body can a licensee appeal a discipline order?

a. Up to $10,000 for any licensee, with appeals heard by the Canadian Real Estate Association (CREA) arbitration panel.
b. Up to $100,000 for a brokerage and $50,000 for an individual, with appeals heard by the local real estate board.
c. Up to $500,000 for a brokerage and $250,000 for any other licensee, with appeals to the Financial Services Tribunal.
d. Up to $5,000 for a first offence and $10,000 for a second offence, with no right of appeal once a discipline order is signed.

63′. Why can BCFSA NOT issue a direct fixed-tariff administrative penalty ticket solely for a breach of s. 33 (duty to act honestly), s. 59 (disclosure of material latent defects), or s. 63 (prohibition against dual agency) of the Real Estate Services Rules?

a. Those sections are not designated in the s. 26 penalty list, so breaches of them alone go through discipline, such as a consent order or hearing.
b. Because breaches of honesty, latent defects, and dual agency are governed exclusively by the REALTOR® Code and enforced only by local real estate boards.
c. Because the maximum administrative penalty in BC is $1,000, which is too small for serious contraventions.
d. Because every breach of s. 33, s. 59, or s. 63 automatically triggers a mandatory $500,000 fine without a hearing or consent order.

Chapter 10 · The Law of Contract law–foundation

Items marked ′ are variants on the same point: do one when you miss the main question.

64. A buyer and a seller reach an oral agreement for the sale of a residential lot, and the seller accepts a partial payment of the purchase price from the buyer without signing any written document. The seller later refuses to complete the transfer, claiming that any oral land deal is completely void. Which statement best describes the legal position?

a. It is not void: the exam rule calls it unenforceable without writing, but under LEA s.59(3) the seller's acceptance of part payment can make it enforceable.

b. It is completely void from the outset, because a signed writing is an additional essential element that every valid contract must contain.

c. It is illegal under the Law and Equity Act, so the court will refuse to help the buyer recover the partial payment already made.

d. It becomes enforceable only if the buyer also registers a general power of attorney at the land title office within three years.

64′. A landowner orally agrees to sell a parcel of land to a developer. Relying reasonably on this oral agreement, the developer alters its position to its detriment before any written contract is signed, such that refusing to enforce the deal would produce an inequitable result. If the landowner claims the deal is void for lack of writing, what is the legal position?

a. It is void, because the common law has never recognized detrimental reliance as a ground for enforcing an unwritten land transaction.

b. It is illegal unless both parties promptly sign an option agreement for $1 that converts the oral promise into a written one.

c. Land contracts generally need writing to be enforceable, but LEA s.59(3)(c) allows enforcement where reasonable reliance makes refusal inequitable.

d. The developer's only remedy is to claim a penalty clause under the Business Practices and Consumer Protection Act for its lost costs.

65. By mail, a seller sends a written offer to sell a property, stating that the offer will remain open until Friday at noon, without receiving any consideration to keep it open. On Wednesday morning, the seller mails a letter revoking the offer. On Thursday morning, before the revocation letter arrives, the buyer mails a letter accepting the offer. The revocation letter reaches the buyer on Thursday afternoon. Which statement is correct?

a. No contract was formed because the seller's revocation took effect on Wednesday morning as soon as it was placed in the mailbox.
b. A contract formed on Thursday morning when the acceptance was mailed, because a revocation has no effect until it actually reaches the offeree.
c. The seller had no legal right to revoke the offer before Friday at noon because the offer expressly stated a deadline.
d. No contract was formed because a mailed acceptance only takes effect when the offeror actually opens and reads the letter.

65′. A buyer pays a landowner $1 in exchange for a signed option agreement keeping an offer to purchase open until the end of the month. Halfway through the month, before the buyer exercises the option, the landowner delivers a written revocation directly into the buyer's hands. What is the legal effect of the landowner's revocation?

a. It is effective immediately, because $1 is inadequate consideration to support any option or contract that involves land.
b. It is effective, because the landowner communicated it directly to the buyer before the buyer had exercised the option.
c. It is ineffective, because the separate $1 consideration created a binding option that bars revocation during the agreed period.
d. It converts the option agreement into a mere invitation to treat that the buyer can no longer accept.

66. Chen offers $680,000 to purchase Wang's townhouse. Wang replies in writing, 'I will sell it to you for $700,000.' Chen rejects the $700,000 figure, and Wang then says, 'In that case, I will not sell for $680,000 either.' Realizing the market is tight, Chen immediately signs and returns Wang's original $700,000 reply, claiming a contract is now formed. Which statement is accurate?

a. A contract is formed at $680,000 because Wang's counter-offer revived Chen's original offer.
b. A contract is formed at $700,000 because a counter-offer remains open until its stated expiry date regardless of rejection.
c. No contract at either price: the counter-offer ended the $680,000 offer, and Chen's rejection ended the $700,000 counter-offer.
d. A contract is formed at $700,000 under quantum meruit because both parties intended to trade the same townhouse.

66′. A seller offers to sell a property for $700,000. The buyer crosses out $700,000, writes in $680,000, initials the change, and sends it back to the seller. When the seller refuses to accept $680,000, the buyer says, 'Fine, I accept your original offer of $700,000.' Is the seller bound to sell for $700,000?

a. No, because altering the price created a counter-offer of $680,000, which legally terminated the seller's original $700,000 offer.

b. Yes, because crossing out a figure is merely a price inquiry that leaves the original offer intact.

c. Yes, as long as the buyer's statement of acceptance is communicated before the original offer's time limit expires.

d. No, unless the buyer attaches a red adhesive seal to the $700,000 acceptance.

67. An 18-year-old buyer signs a contract to purchase a condominium from an adult seller. Before completion, property values rise sharply, and the adult seller refuses to complete, arguing that a contract with a person under 19 is unenforceable by either side. Under Section 19(1) of the Infants Act, who is entitled to enforce the contract?

a. Neither party, because any contract with an infant under 19 is completely void from the beginning.

b. The adult seller can enforce it, provided the seller did not know the buyer was under 19.

c. Both parties can enforce it automatically because real estate contracts are exempt from the Infants Act.

d. Only the 18-year-old buyer, because the unenforceability rule is one-way and protects the infant alone.

67′. An adult with a mental incapacity transfers an interest in property to a buyer. The court has not appointed a committee, and there is no enduring power of attorney in place. Under Section 60.2 of the Adult Guardianship Act, under which circumstance is this transfer NOT voidable on behalf of the incapacitated adult?

a. Where full and valuable consideration was paid or secured, or a reasonable person would not have known of the incapacity.

b. Where the adult fails to repudiate the transfer within one year of signing the document.

c. Where a court had already appointed a committee prior to the transfer, but the adult appeared lucid during the meeting.

d. Where the buyer paid a nominal consideration of $1 and attached a corporate stamp to the transfer.

68. Before entering into a contract of purchase and sale, a seller makes a false statement of fact that induces the buyer to sign, although the seller honestly believes the statement is true. The parties complete the conveyance and title is transferred to the buyer. After completion, the buyer discovers the statement was false. Even if the contract contains no exclusion clause, what remedy is available to the buyer for this innocent misrepresentation?

a. Neither: rescission is lost once a land deal completes, and damages are never available for innocent misrepresentation.
b. Rescission of the contract at any time, even after completion, because genuine consent was lacking when the offer was signed.
c. Tort damages only, calculated to put the buyer in the position he would have been in had the statement been true.
d. Specific performance against the seller's brokerage under the privity of contract rule.

68′. To induce a buyer to purchase his house, a seller knowingly lies about a material fact regarding the foundation. The signed contract of purchase and sale contains a standard exclusion clause stating that there are no representations or warranties other than those written in the contract. After completion, the buyer discovers the lie. What are the buyer's rights?

a. The buyer has no remedy because the standard exclusion clause bars all claims for pre-contractual statements.
b. The buyer can claim damages only before completion, because completion extinguishes all misrepresentation remedies.
c. Rescission even after completion and/or tort damages, because an exclusion clause cannot shield a fraudulent misrepresentation.
d. The seller's licensee can personally rely on the contract's exclusion clause to defeat any tort claim brought by the buyer.

69. A contract of purchase and sale includes a condition precedent requiring municipal approval of a lot subdivision by a set deadline. Because the seller is keeping the adjacent parcel, the parties agreed that the subdivision condition protects both of them. Two days before the deadline, the buyer delivers a written notice waiving the condition on his own. Under Section 54 of the Law and Equity Act, is the buyer's unilateral waiver effective?

a. Yes, because any party who is ready to pay the full purchase price may unilaterally waive any condition precedent before the deadline.
b. No, because a party may unilaterally waive a condition precedent only if it exists solely for that party's benefit.
c. Yes, because subdivision approval is a minor warranty rather than a condition precedent.
d. No, because a condition precedent can only be waived after the stated deadline has expired.

69′. A buyer inserts a financing condition precedent into an offer solely for the buyer's own benefit, with a deadline of next Wednesday. The contract can easily be performed with cash if financing is not used. On Friday—two days after the Wednesday deadline has passed without the condition being met—the buyer sends a notice waiving the financing condition. Is the waiver valid?

a. Yes, because the financing condition was solely for the buyer's benefit and the contract can be performed without it.

b. Yes, under the decision in Rosas v. Toca, deadlines for condition precedents never require timely notice.

c. No, only a court can waive a financing condition through an order of specific performance.

d. No, because the waiver must be made before the time set for the condition to be fulfilled.

70. Under Section 36 of the Law and Equity Act, a creditor transfers the full benefit of a contract debt to an assignee in an absolute, unconditional written document, but neither party gives written notice of the transfer to the original debtor. If the debtor defaults and the assignee wishes to sue, what is the legal position?

a. The transfer is completely void, because any assignment without prior consent of the debtor is illegal.

b. It qualifies as a statutory assignment, allowing the assignee to sue the debtor in the assignee's name alone without joining the assignor.

c. Without notice it fails as a statutory assignment but can take effect as an equitable one, so all three parties must be joined.

d. The transfer shifts the debtor's repayment obligation to the assignor under the doctrine of vicarious performance.

70′. A buyer signs a contract to purchase a mass-produced investment condominium unit in a large suburban development. When the seller breaches the contract and refuses to complete, the buyer sues for specific performance rather than damages. Based on recent judicial trends discussed in the course, how is a court likely to approach the buyer's claim for specific performance?

a. Grant specific performance automatically, because common law treats every square inch of real estate as unique without exception.

b. Require proof that the property is truly unique and not readily replaceable, and otherwise award damages instead.

c. Award both a punitive penalty clause and a mandatory injunction to imprison the seller.

d. Dismiss the lawsuit entirely under the rule in Hadley v. Baxendale unless the buyer waives all damages.

Chapter 11 · Contracts for Real Estate Transactions agency-contracts

Items marked ′ are variants on the same point: do one when you miss the main question.

71. Clara and Marcus reach a detailed verbal agreement for Marcus to purchase Clara's residential lot. No written document is signed by Clara, but Marcus immediately hands Clara a deposit cheque, which Clara accepts and cashes. A week later, Clara receives a higher offer and refuses to complete, claiming the oral contract is void under section 59 of the Law and Equity Act. Which statement best describes the legal status of their contract?

a. The oral contract is completely void and illegal from the outset because all contracts involving land must be signed by both parties.

b. It is not void, and Clara's acceptance of the deposit is an act under s.59(3)(b) and (4) that makes the contract enforceable against her.

c. The contract is enforceable only because section 59 exempts any residential land sale where completion occurs within three years.

d. The contract remains permanently unenforceable despite the deposit, and the court has no statutory authority even to order Clara to return the deposit money.

71′. Elena verbally agrees to grant Victor a two-year lease on a small house, and in a separate deal, verbally agrees to sell her vacant acreage to Nadia without any writing, deposit, or change of position by either party. Under section 59 of the Law and Equity Act, how does the law treat these two oral agreements?

a. Both oral agreements are void from the start, because section 59 invalidates every unwritten interest in land regardless of its duration.

b. The two-year lease is unenforceable unless Victor pays a deposit, while the vacant acreage sale is automatically enforceable against Elena.

c. Both oral agreements are illegal under the Real Estate Services Rules and subject the parties to administrative penalties.

d. The two-year lease is exempt and enforceable as a lease of three years or less; the acreage sale exists but cannot be enforced in court.

72. While listing a house, the seller informs his listing licensee that the municipal government recently issued a formal notice requiring expensive structural remediation of the foundation — a defect not visible on a reasonable inspection — and instructs the licensee not to tell any prospective buyers. The buyer has not received any written disclosure of this issue from the seller. Under section 59 of the Real Estate Services Rules, what must the listing licensee do?

a. Follow the seller's lawful instructions to keep the notice confidential, because a licensee's duty of loyalty to the client overrides any duty to third-party buyers.
b. Continue marketing the property and wait until after an unconditional Contract of Purchase and Sale is signed before mentioning the municipal notice.
c. Refuse to keep providing trading services for this trade unless the seller lets the defect be disclosed to the other parties before any agreement.
d. Disclose the defect only to the listing brokerage's managing broker and let the buyer rely on a private home inspection clause.

72′. A seller tells his listing licensee that an addition to the house was built without the required municipal building permit, which cannot be discovered on a normal viewing. However, before any offer is prepared, the seller personally delivers a signed written disclosure statement describing the missing permit directly to the prospective buyer. Under section 59 of the Real Estate Services Rules, what is the listing licensee's obligation?

a. No separate disclosure is needed, because the other party already received written disclosure of the defect from the client.
b. The licensee must still refuse to act for the seller because a property lacking a municipal building permit cannot legally be sold in BC.
c. The licensee must pay 10% of the purchase price into court as a builders lien holdback before presenting any offer.
d. The licensee must require the buyer to waive the 3-business-day Home Buyer Rescission Period to acknowledge the missing permit.

73. In a Contract of Purchase and Sale for a family home, the seller promises to leave behind an old garden bench worth a negligible sum. Both parties treat this promise as a minor term of the deal. On the completion date, the seller accidentally removes the bench with the moving truck. What remedy is available to the buyer?

a. Because the promise is a minor term (warranty), the buyer must still complete the purchase and can only claim damages for the value of the bench.

b. The buyer may treat the entire Contract of Purchase and Sale as terminated, refuse to pay the purchase price, and forfeit the seller's title.

c. The buyer has no remedy of any kind unless the promise was registered as a charge in the land title office prior to completion.

d. The buyer may unilaterally instruct the listing brokerage to deduct 7% of the purchase price from the deposit trust account.

73′. During an open house, a seller casually remarks to a prospective buyer that the roof is in great shape. The buyer's licensee does not write any clause about the roof into the Contract of Purchase and Sale. After completion, the roof leaks and the buyer wants to sue on a breach of warranty. What advice should a licensee keep in mind when drafting an offer for a buyer who relies on a seller's verbal assurance?

a. Every casual verbal remark made by a seller during a viewing automatically merges into the contract as an essential condition allowing termination after completion.

b. Oral remarks about physical condition are protected for 10 years on all resale homes under the Homeowner Protection Act.

c. Write it into the contract as an express warranty, because proving an unwritten collateral warranty means showing a definite contractual promise.

d. The buyer can simply file a Form B Information Certificate claim against the listing brokerage within 60 days after completion.

74. Two days after an accepted Contract of Purchase and Sale is signed, the buyer hands a $25,000 deposit cheque to the brokerage. Before the brokerage has deposited the cheque at the bank, the buyer calls the licensee, states that he has placed a stop-payment order on the cheque, and demands that the physical cheque be handed back to him immediately. How must the licensee and brokerage proceed?

a. Return the physical cheque to the buyer immediately, because a brokerage does not become a stakeholder under the Real Estate Services Act until the cheque has cleared into the trust account.
b. Destroy the cheque and unilaterally declare the contract terminated on the seller's behalf under the condition subsequent clause.
c. Hold the cheque in the desk drawer without depositing it and wait 30 days to see if the buyer changes his mind.
d. Keep the cheque, since the brokerage is a stakeholder from receipt; deposit it to trust as usual and promptly tell the seller's side to get legal advice.

74′. While negotiating a residential purchase, the buyer proposes that instead of paying the deposit to a brokerage trust account, the deposit will be held by the buyer's own lawyer. From the perspective of protecting the seller, what must the seller's licensee understand about this arrangement?

a. Every lawyer in BC is automatically bound by section 28 of the Real Estate Services Act as a statutory stakeholder on exactly the same terms as a licensed brokerage.
b. The buyer's lawyer is not a RESA stakeholder and may return the deposit without the seller's consent unless he gives the seller a stakeholder undertaking.
c. Placing a deposit with a lawyer renders the Contract of Purchase and Sale unenforceable under section 59 of the Law and Equity Act.
d. The Real Estate Services Act prohibits principals from ever agreeing in a separate written agreement to have deposit funds paid to a payee other than a brokerage.

75. A corporate buyer and a seller sign an unsealed document for the purchase of a commercial building, containing the clause: "Subject to the approval of the price and terms by the president of the buyer corporation on or before May 15." No separate consideration is given to keep the offer open. On May 10, before the buyer's president has approved the deal, the seller receives a much higher offer from another party and notifies the corporate buyer that she is revoking and cancelling the deal. Based on BC Court of Appeal principles, what is the legal result?

a. The seller is liable for breach of contract because signing the document created a binding contract and the deposit serves as consideration for an irrevocable option.
b. No contract was formed: the condition is wholly subjective and there was no seal or separate option consideration, so the seller could revoke.
c. The seller must first serve a 72-hour time clause notice and wait three business days before accepting the higher offer.
d. The deal is enforceable against the seller, provided the corporate buyer pays a 0.25% rescission fee into the brokerage trust account.

75′. A buyer and seller enter into a properly executed Contract of Purchase and Sale subject to the buyer obtaining a conventional first mortgage from a local credit union on specified objective terms by Friday. Two days after signing, the buyer finds another house he likes better, makes no application for a mortgage at all, and tells the seller on Friday that the contract is at an end because financing was not obtained. What is the legal position?

a. A contract exists, with an implied duty to try honestly and reasonably to satisfy the objective condition; not applying breaches it, so the seller may keep the deposit.
b. Because every subject clause is a whim and fancy clause, the buyer had complete discretion not to apply for the mortgage and gets the deposit back automatically.
c. The buyer's failure to apply is merely a breach of a minor warranty, so the contract must still be completed in cash without any forfeiture of deposit.
d. The buyer is excused from applying for the mortgage as long as he verbally tells the listing licensee before Friday that he waives the condition.

76. A buyer instructs his licensee in writing to prepare an offer for a resale residential house that omits the two Standard Assignment Terms prescribed by section 8.2(3) of the Real Estate Services Regulation. What must the buyer's licensee and the seller's licensee do when this offer is presented to the seller?

a. Refuse to prepare or present the offer, because section 8.2 prohibits any residential contract in BC from being assigned under any circumstances.
b. Present the offer normally without any extra form, because the Standard Assignment Terms apply only to pre–sale development units marketed under REDMA.
c. The buyer's licensee must deliver an approved–form notice with the offer advising independent advice, and the seller's licensee must pass it on and explain the missing terms.
d. Simply collect a 0.25% assignment fee from the buyer at the time of offer presentation and deposit it into the Condo and Strata Assignment Integrity Register.

76′. Unless the client instructs otherwise in writing, what are the two Standard Assignment Terms that a licensee must include in a proposed Contract of Purchase and Sale for real estate (other than a development unit marketed by a developer under REDMA) under section 8.2(3) of the Real Estate Services Regulation?

a. That the contract cannot be assigned during the first 3 business days, and that any assignee must pay a 7% holdback into court.
b. That the buyer may freely assign the contract to a family member or corporation without consent, and that the listing brokerage receives half of any assignment profit.
c. That the assignment must be registered in the land title office within 60 days, and that the assignor guarantees the assignee's mortgage for 10 years.
d. No assignment is allowed unless the seller consents in writing, and any profit from an assignment by the buyer or a later assignee goes to the seller.

77. According to the course manual, how does the civil provision in section 90.1 of the federal Competition Act differ from the criminal conspiracy provision in section 45 with respect to penalties and who may bring an application?

a. Manual: s.45 is a crime punishable by up to 14 years or a discretionary fine, while s.90.1 is a civil remedy sought by the Commissioner with no fines or prison.
b. Under the course manual position, section 90.1 carries a mandatory minimum prison sentence of 14 years, whereas section 45 carries only a $2,500 administrative fee.
c. Under the course manual position, section 45 applies only when a conspiracy is proved solely by direct written contracts and never by circumstantial evidence.
d. Under the course manual position, neither section 45 nor section 90.1 applies to real estate brokerages setting minimum commission rates or dividing territory.

77′. Three competing real estate brokerages in a BC municipality quietly reach an informal agreement that none of them will charge less than a specified commission rate on residential listings and each brokerage will stay out of the others' designated neighbourhoods. Under section 45 of the federal Competition Act, what is the legal consequence?

a. There is no offence under section 45 because the agreement was informal and not recorded in a signed contract.

b. Fixing commission rates and splitting territories among competitors are s.45 conspiracies, punishable by up to 14 years, a discretionary fine, or both.

c. The agreement is lawful as long as the brokerages disclose the fixed commission rate in their written service agreements under section 43 of the Rules.

d. The maximum penalty under section 45 is a 60-day suspension of the brokerages' Form F privileges by the strata council.

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

Items marked ′ are variants on the same point: do one when you miss the main question.

78. Marcus, a designated agent representing the seller of a townhouse, is approached by Elena, an unrepresented buyer who wants to write an offer. After Marcus properly provides the Disclosure of Representation in Trading Services (s.54) and Disclosure of Risks to Unrepresented Parties (s.55) forms, which of the following actions may Marcus lawfully take for Elena without creating an implied agency?

a. Complete the standard purchase contract as Elena directs and pass her offer to the seller, giving her no advice on price or terms.
b. Suggest a specific counter-offer price that he believes the seller will accept so that both sides can reach a fair middle ground.
c. Draft a custom subject clause tailored to protect Elena's financing risk and negotiate with the seller to extend the subject removal period for her.
d. Hint to Elena that the seller is facing financial hardship and will likely accept a lower offer if Elena removes subjects quickly.

78′. Sonia is the listing licensee for a detached home. At an open house, an unrepresented buyer named Victor asks Sonia to write up his offer. After Sonia delivers the required s.54 and s.55 disclosures, which action by Sonia would cross the line into implied agency and breach the dual agency ban under s.63?

a. Giving Victor recent comparable sales statistics from the neighbourhood without recommending what price he should offer.
b. Explaining the standard boilerplate wording of the Contract of Purchase and Sale and estimating Victor's standard closing costs.
c. Advising Victor that his initial offer is too high and recommending a strategic opening bid to test the seller's resolve.
d. Delivering Victor's signed offer promptly and objectively to the seller client as instructed.

79. Hannah is the designated agent for two separate buyer clients, Mr. Park and Ms. Patel. Both clients independently instruct Hannah to prepare competing offers on the exact same condominium unit in a major urban centre. Under s.65 of the Real Estate Services Rules, how must Hannah handle this conflict?

a. Continue representing Mr. Park as a client while converting Ms. Patel into an unrepresented party so that Ms. Patel can still submit her offer through Hannah.

b. Stop acting for both buyers in this trade and refer them out, or keep only one after both sign the conflict-between-clients agreement once the conflict arises.

c. Rely on the advance conflict-waiver clause that Mr. Park and Ms. Patel both initialled when they first signed their buyer agency agreements months ago.

d. Represent both buyers under the s.64 dual agency exception after having the managing broker sign a risk disclosure statement.

79′. Leo represents two buyer clients, Carla and Devon, who decide to bid on the same property. Carla signs the Agreement Regarding Conflict of Interest Between Clients allowing Leo to continue representing Devon alone, but Devon refuses to sign the agreement because he objects to Leo's advice being restricted by Carla's confidentiality. What MUST Leo do?

a. Cease providing trading services to both Carla and Devon with respect to this trade and refer both clients to other licensees.

b. Proceed to represent Devon anyway, since Carla is the released client and only the released client's signature is legally required.

c. Switch to representing Carla instead, since Carla already demonstrated good faith by signing the form.

d. Disclose Carla's maximum price to Devon so that Devon feels comfortable signing the conflict agreement.

80. While listing an older home, licensee Nora learns from the seller that the municipal government recently issued a formal notice requiring structural foundation repairs due to a hidden crack that cannot be seen on a reasonable inspection. The seller forbids Nora from mentioning the notice or the crack to any prospective buyer. Under s.59 of the Real Estate Services Rules, what must Nora do?

a. Obey the seller's instruction and keep the foundation notice secret, because the fiduciary duty of obedience and confidentiality overrides statutory disclosure rules.

b. Continue acting for the seller while secretly emailing the municipal notice to buyers' agents after an offer is accepted.

c. Insert a vague 'as-is, where-is' clause into the Contract of Purchase and Sale to satisfy the s.59 disclosure requirement without upsetting the seller.

d. Refuse to conceal the material latent defect, and if the seller persists in instructing her not to disclose it, cease providing trading services to the seller for this trade under s.59(3).

80′. Gavin is the listing licensee for a house where an unpermitted structural addition was built without a required municipal building permit—a fact not discoverable on a reasonable inspection. The seller agrees that this must be disclosed. How and when must Gavin make this disclosure under s.52 and s.59?

a. Tell each buyer orally at the showing and have the buyer confirm verbally, before subjects are removed, that the addition was explained.

b. In writing to every other party, promptly and before any purchase or sale agreement is signed, in a document kept apart from the contract.

c. By adding a sentence to the Contract of Purchase and Sale after the buyer submits an offer, so the defect becomes part of the deal.

d. By filing a confidential notice with the superintendent within ten days after completion, without telling the buyer beforehand.

81. Clara and Tariq are both trading services licensees registered as members of the same real estate team at one brokerage. Clara is the listing agent for a seller client's home. Tariq's buyer client wants to make an offer on that home. Under the Real Estate Services Rules regarding teams (s.42.1–42.4) and dual agency (s.63), can Clara represent the seller while Tariq represents the buyer in this transaction?

a. Yes, because under s.63(2) designating different licensees at the same brokerage to represent different parties never constitutes dual agency.

b. Yes, provided Clara and Tariq work in separate branch offices and do not share any digital files or notes for this listing.

c. No. Every team member must be designated as an agent for each team client, so splitting seller and buyer inside the team is dual agency barred by s.63.

d. Yes, as long as the team leader signs a team firewall declaration and files it with the Real Estate Council before the offer.

81′. Wendy and Zack are two licensees at the same brokerage who are NOT members of any real estate team and never hold themselves out as a single entity or regularly co-list. Wendy is the designated agent for a seller, and Zack is the designated agent for a buyer who wants to buy that seller's home. Under s.32 and s.63(2), is this arrangement permitted?

a. Yes. Under s.63(2), designating different licensees who are not on the same team to act for opposite sides is not dual agency.

b. No; since the 2018 dual agency ban, two licensees at the same brokerage can never represent a buyer and a seller in the same trade.

c. Only if the property is located in a remote, under-served area under s.64.

d. Only if both clients sign an Agreement Regarding Conflict of Interest Between Clients releasing the brokerage from confidentiality.

82. Although property owner Mr. Lin never signed a listing extension after his listing with licensee Brenda expired, Mr. Lin stood beside Brenda in the lobby while Brenda told a commercial tenant that she still had Mr. Lin's full authority to negotiate a lease renewal, and Mr. Lin nodded in agreement. Relying on this, the tenant gave up another prime location and signed the renewal term sheet with Brenda. Under which doctrine is Mr. Lin bound by Brenda's actions?

a. Express actual authority, because nodding in a public lobby is legally identical to executing a written service agreement under s.43.
b. Quantum meruit, which binds a principal to third-party contracts whenever a former agent performs uncompensated work.
c. Customary authority, because expired listing agents always retain an automatic statutory right to bind former clients.
d. Agency by estoppel: Mr. Lin's conduct led the tenant to rely on Brenda's authority, and the tenant changed its position as a result.

82′. Licensee Owen, whose authority under a buyer agency agreement was strictly limited to residential properties in Burnaby, exceeded his authority by submitting an offer on behalf of his client for a warehouse in Richmond without prior permission. When the client learned of the deal the next morning, she was delighted with the price and formally adopted the transaction as her own. By which legal mechanism did this agency authority become valid retroactively?

a. Ratification, whereby a principal subsequently agrees to be bound by an agent's unauthorized act, giving it retroactive effect.
b. Agency by estoppel, because the warehouse seller relied on Owen's business card.
c. Implied actual authority, because buying a warehouse in Richmond is necessary and incidental to buying a house in Burnaby.
d. Modification of duties under s.31, which automatically cures any unauthorized act if the managing broker initials the file.

83. Licensee Victor represents a buyer client who needs a home inspection. Victor recommends a specific inspection firm that has an agreement to pay a $150 referral fee for each client referred. Under RESA s.7(3)(b), Rule s.56, and common law fiduciary duties, how must this $150 referral fee be handled?

a. Victor may pocket the $150 directly in cash from the inspector without telling the buyer, because $150 is a minor courtesy gift rather than commission.
b. Disclose the source and the $150 amount to the buyer promptly, keep his advice loyal, and take the fee only through his own brokerage.
c. Referral fees from home inspectors and mortgage brokers are strictly prohibited in British Columbia under s.60 in the same way as net listings.
d. Victor only needs to disclose the $150 fee to the seller's agent on the s.57 form, since the buyer is not paying the inspection referral fee.

83′. A property owner tells listing licensee Diana: 'I want to walk away with $980,000 clear from the sale of my house; anything you can get above $980,000 you can keep as your commission.' How do the Real Estate Services Rules treat this remuneration arrangement?

a. It is a net listing, which s.60 prohibits, and Diana is not entitled to keep any remuneration calculated on that basis.

b. It is a valid exclusive listing as long as Diana splits the excess above $980,000 into three figures on the written service agreement under s.43.

c. It is permitted if the managing broker signs a conflict disclosure form and submits it to BCFSA before the property is advertised.

d. It is enforceable in court under the common law doctrine of quantum meruit if the buyer pays cash.

84. Since the January 3, 2023 amendments to the Real Estate Services Rules (B.C. Reg. 176/2022), what new elements are required under s.54(2) (Disclosure of Representation in Trading Services) and s.57.1 when a licensee prepares or presents an offer on residential real estate, compared to the 2020 course manual?

a. The s.54 disclosure now includes only the duties owed to clients, while s.57.1 requires the licensee to give a rescission disclosure only to unrepresented parties.

b. s.54(2) now adds how to complain and the Property Law Act s.42 rescission right, and s.57.1 adds a rescission disclosure to the licensee's own client.

c. Current s.57.1 allows a residential buyer client to waive the statutory right of rescission in writing if the seller reduces the purchase price.

d. Under s.52, the s.57.1 rescission disclosure is prohibited from being included inside the Contract of Purchase and Sale under any circumstances.

84′. Under the general disclosure rule in s.52 of the Real Estate Services Rules, disclosures under Division 2 must be in writing and separate from any service agreement or contract giving effect to a trade, EXCEPT for which two specific disclosures?

a. Disclosure of Interest in Trade under s.53 and Disclosure of Material Latent Defects under s.59, both of which may go in the contract.

b. The s.54 representation disclosure and the s.55 risks disclosure, which may both be printed inside the service agreement itself.

c. Disclosure to Sellers of Expected Remuneration (s.57) and the s.65 conflict-between-clients agreement, which may be attached to the offer.

d. The s.56(1)(a) remuneration disclosure, which may sit in the service agreement, and the s.57.1 rescission disclosure, which may sit in the contract.

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

Items marked ′ are variants on the same point: do one when you miss the main question.

85. Noah is offered a residential mortgage at a nominal rate of 6.00% per annum, compounded semi-annually. He will pay monthly. A friend says the monthly rate for the payment calculation is 6.00% divided by 12, which is 0.5%. Which statement is correct?

a. The friend is correct. Any nominal annual rate becomes the monthly rate by dividing by 12, whatever compounding frequency the quote states.

b. The 6.00% figure is already the monthly periodic rate, so Noah should apply 6.00% itself to the balance every month.

c. The half-year rate is 6.00% divided by 2, and that rate must then be converted to an equivalent monthly rate; 0.5% is not it.

d. Because the payments are monthly, the Interest Act forbids the lender to charge any interest on this mortgage at all.

85′. Mei enters j_2 = 6.00%, compounded semi-annually, into a spreadsheet and divides by 12. The sheet labels 0.5% as the monthly rate for her home-loan payments. Which description of that 0.5% figure is right?

a. It is the wrong monthly rate. She first divides 6.00% by 2, then converts that half-year rate into an equivalent monthly rate.

b. It is acceptable, because a rate quoted with a subscript of 2 is already the rate to apply once each month.

c. It is the effective annual rate, so the sheet should compound that 0.5% only once at the end of each year.

d. It is required by the Interest Act, which says every monthly payment uses exactly one-twelfth of the quoted annual rate.

86. Omar has two quotes on the same residential loan. Quote P is 5.90% per annum compounded semi-annually. Quote Q is 5.85% per annum compounded monthly. He circles Q because 5.85 is less than 5.90. Which statement matches the course comparison?

a. Quote P has the lower true annual cost. Its effective annual rate is about 5.9870%, while Quote Q's effective annual rate is about 6.0094%.

b. Quote Q is cheaper on any fair comparison, because a lower nominal rate is always a lower cost, whatever the compounding frequency.

c. The quotes can be ranked only by dividing each nominal rate by 12 and keeping the smaller of those two monthly figures.

d. Quote P is illegal, because the Interest Act allows a residential mortgage to disclose monthly compounding only.

86′. A buyer's notes show Lender R at 5.85% compounded monthly and Lender S at 5.90% compounded semi-annually. The buyer underlines 5.85% as the cheaper loan. Which conclusion is right?

a. Lender R costs less per year in real terms, because 5.85 is a smaller number than 5.90.

b. Lender S must cost more, because semi-annual compounding always produces a higher effective annual rate than monthly compounding.

c. Both quotes share one effective annual rate once each nominal rate is divided by the number of times it compounds.

d. Lender S has the lower effective annual rate, about 5.9870%, compared with about 6.0094% for Lender R.

87. Lila signs a residential constant-payment mortgage. The amortization period is 25 years and the term is 5 years. She believes the balance will be zero when the 5-year term ends, because she is paying on a 25-year schedule. Which statement is correct?

a. The loan is fully amortized, so the balance at the end of year 5 is zero and no renewal or further payment is required.

b. The loan is interest-accruing, so she pays nothing until the end of year 25, when principal and rolled-up interest fall due together.

c. The loan uses straight-line reduction, so each payment is an equal slice of principal and the interest portion stays fixed for all 25 years.

d. The loan is partially amortized. At the end of the 5-year term a balloon balance remains, to be repaid, renewed, or moved to another lender.

87′. A buyer asks why one residential mortgage can be described with both a 5-year term and a 25-year amortization. What is the course distinction?

a. The 25-year figure is the term, so the rate is renegotiated every 25 years while the payments are calculated over 5 years.
b. Payments follow a 25-year amortization, but the contract term is only 5 years, so a balloon balance is still owing when that term ends.
c. The two numbers are different names for one date, so the debt is gone after either 5 years or 25 years.
d. The 5-year figure means interest may be charged for only 5 years, after which the unpaid principal is forgiven.

88. A corporation gave a mortgage on a warehouse. The term is longer than five years. On the fifth anniversary of the mortgage date, its director says the company may pay off the whole balance and owes only an extra three months' interest, because a federal statute gives every borrower that right. Which statement is the exam answer?

a. The director is right. Section 10 of the Interest Act lets any borrower, including a corporation, prepay after five years by adding three months' interest.
b. Section 10 protects individual borrowers only. A corporate borrower cannot use that right to prepay with only three months' interest.
c. Section 10 does let the company prepay, but the extra charge is three months of principal rather than three months of interest.
d. Section 6 cancels the whole debt once five years have passed, whether or not the borrower is an individual.

88′. An individual, not a corporation, mortgaged a rental house for a term longer than five years. The fifth anniversary of the mortgage date has arrived. What may that individual do under the Interest Act?

a. Prepay only the interest then owing. The principal must stay in place until the original maturity date.
b. Demand that the lender forgive three months of payments as a statutory rebate for waiting five years.
c. Do nothing until the original term ends, because section 10 applies only to corporate borrowers.
d. Pay off the entire amount owing, together with an extra three months' interest, from that anniversary onward.

89. A private lender advances funds for eleven months. During those months the borrower pays nothing. At the end the borrower must repay the original principal plus interest that was added to the principal and then itself earned interest. Which design is this, and where does the risk sit?

a. It is an interest–only loan. The lender receives interest every period, and only the principal stays outstanding until the end.
b. It is a constant–payment mortgage. Each instalment is the same size, and the loan is fully amortized over the eleven months.
c. It is interest–accruing. Nothing is received until the end, so lender risk is highest and the term is usually one year or less.
d. It is straight–line principal reduction. Each period the borrower pays the same principal plus a falling amount of interest.

89′. A developer's construction facility requires interest to be paid every month. The entire principal is repaid in one sum when the project is sold. Unpaid interest is not added to the principal during construction. Which design is this?

a. Interest only. Principal stays outstanding while the lender collects interest each period, a pattern common in construction financing.
b. Interest accruing. Nothing is paid until the sale, and unpaid interest is rolled into the principal and earns further interest.
c. A fully amortized constant payment. The monthly amounts of principal and interest retire the loan before the units are sold.
d. A graduated payment. The monthly amount starts low and rises by a step each year while principal is paid from the first month.

90. Priya holds one residential mortgage as a personal investment. Each month she receives a small blend of principal and interest. She cannot make a new mortgage loan until those amounts add up, so the money sits in a savings account that pays less. A lender holding hundreds of mortgages does not wait in the same way. Which feature is this?

a. Uniqueness. No two mortgages can be compared, so a lender is forbidden to use one posted market rate for more than one loan.
b. The reinvestment problem. Her small repayments wait in a lower–paying account until they can fund another loan, which lowers her actual yield.
c. Perfect liquidity. One mortgage can be sold as easily as a government bond, so the waiting period does not affect the investor.
d. A higher yield for the small investor, because the savings account pays more than lending the money out again as a mortgage would.

90′. A trustee asks why a small saver who is willing to take the credit risk still finds it awkward to hold one whole mortgage. The monthly receipts are too small to fund another full loan. Which explanation fits?

a. The saver must earn the same rate as a government bond, because a mortgage and a government bond are interchangeable assets.
b. Administration costs shrink in exact proportion to the loan size, so one mortgage costs the saver the same per dollar as it costs a bank.
c. Capital is not a barrier, because any saver can fund a complete mortgage, and the only difficulty is finding a borrower.
d. A reinvestment problem: the receipts wait at a lower savings rate until there is enough to lend again, which reduces the saver's actual yield.

91. An exam item says the course materials give two examples of private mortgage insurers: one has since been renamed, and the other still trades under its original name. Which answer does the exam expect?

a. Private insurers take part in mortgage insurance alongside CMHC; the item tests that category, not whether each example still uses its old name.
b. Because one example was renamed, private mortgage insurance no longer exists as a category, so CMHC is the only insurer to choose.
c. The renamed firm should be listed as a monoline lender instead, because a renamed insurer is moved to the lender category on the exam.
d. Both examples must be rejected, because the course treats every private insurer it names as a firm that has since stopped operating.

91′. A classmate says a firm the course materials name as a private mortgage insurer is "a monoline lender that no longer exists," because it later changed its name. What is the correction?

a. It should be classed as a chartered bank, and the exam wants the current bank brand written in as the answer to the category question.
b. The old name must be marked wrong, because any firm that has been renamed is treated on the exam as having left the market entirely.
c. It is an example of a private mortgage insurer beside CMHC; mark that category, and in practice tell clients the firm's current name.
d. It belongs to the government lender category, because a renamed private insurer is treated as having been taken over by the province.

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

Items marked ′ are variants on the same point: do one when you miss the main question.

92. A buyer can carry a payment of $2,000 a month on a constant-payment mortgage. The interest rate rises. The payment the buyer can carry, the payment frequency, and the amortization do not change. What happens to the loan that payment can support?

a. The loan becomes smaller. More of each fixed payment goes to interest, so less is left to support principal.
b. The loan stays the same. Only a change in the amortization can change what a fixed payment will support.
c. The loan becomes larger. A higher rate lets the lender advance more principal on the same payment.
d. No unique loan exists. The five mortgage variables never determine one another, so the amount is only a guess.

92′. A constant-payment mortgage is approved but not yet funded. The lender then raises only the periodic rate. The borrowers' payment, the monthly frequency, and the 25-year amortization stay as approved. Which result follows?

a. The borrowers must switch to interest-only payments, because a higher rate cannot stay inside a constant payment.
b. The approved principal is unchanged, because a rate change cannot alter any of the other four variables.
c. The principal this payment can support is uniquely smaller, because more of each payment is consumed by interest.
d. The ending balance must be set above zero, because a higher rate stops the mortgage from amortizing fully.

93. A seller has made every payment for three years on a constant-payment mortgage and asks what is still owed. The seller says, "Subtract those three years of payments from the original loan. A large share of principal must be gone." Which statement matches the course?

a. The seller's subtraction is the balance owed, because each payment after the first year is entirely principal.
b. The balance is the present value of the payments still due, at the contract rate, and after three years it is often only slightly lower.
c. The balance is the original loan plus every interest amount already paid, because paid interest is added back to principal.
d. The balance is the original principal divided into equal yearly slices, with three of those slices already retired.

93′. Before an offer is written, a buyer asks why a seller's mortgage payout is still close to the loan amount advanced three years earlier. The buyer wants to divide the original loan by the number of years and treat three years as three equal principal reductions. Which statement matches the course?

a. Use that average. Principal on a constant-payment mortgage declines by the same amount each year.
b. Add three years of interest to the original loan. A payout is always higher than the amount first advanced.
c. Treat the payout as zero. Three years of residential payments are enough to retire the loan.
d. Reject the average. The payout is the present value of the remaining payments at the contract rate, and early payments retire little principal.

94. Leo, an individual, gave a mortgage on a storage workshop. The balance is due more than five years after the mortgage date, and more than five years have now passed. Leo wants to pay the entire balance. A colleague says the federal right applies only to houses, so a workshop mortgage cannot be paid off with an extra three months' interest. Which statement is the exam answer?

a. The colleague is right. The right exists only for an owner-occupied house, so a workshop mortgage is outside it.
b. Leo may prepay, but the extra amount is three months of principal, because the statute prices the right that way.
c. Leo may pay off the entire balance, and the extra amount under the statute is three months' interest. The right is not limited to houses.
d. Leo's right lasted only on the fifth anniversary and has now expired, so a later full payout is outside the statute.

94′. Amira, an individual, mortgaged her home. The balance is due five years after the mortgage date, not later. Three years have passed. She says the statute already lets her pay the whole balance with only an extra three months' interest, because the mortgage is residential and she is not a company. Which statement is the exam answer?

a. The statute does not give her that right yet. It needs a mortgage due more than five years out, and five years must already have passed.

b. She may prepay now. A residential mortgage for an individual is covered from the first payment, whatever the term.

c. She may prepay now, but only if the extra amount is three months of principal rather than interest.

d. She may prepay now, because three years is more than half of a five-year term and the statute treats that as the five-year mark.

95. A residential constant-payment mortgage is amortized over 25 years with monthly payments. The contract term is five years. At the end of those five years the borrower asks whether the rate stays untouched until year 25, and whether the balance is already zero. Which statement matches the course?

a. Both are true. The amortization is the term, so the rate is first discussed at year 25, and the balance is zero at year five.

b. The balance is zero at year five, but the rate could change every month because the term and the amortization are one number.

c. The rate stays fixed until year 25, because the amortization forbids an earlier term, but a large balance remains at year five.

d. The amortization only sets the payment rhythm. The term is separate, so the contract is renegotiated at five years, while a balance still remains.

95′. A borrower asks to stretch the amortization so the interest rate will stay locked for that whole longer period. The payment would be calculated on the longer amortization, while the contract term on offer is a much shorter period. Which statement matches the course?

a. The longer amortization both lightens the payment and locks the rate until the amortization itself ends.

b. Stretching the amortization can lighten the payment. It does not lock the rate. The term is when the contract is renegotiated.

c. Stretching the amortization raises the payment and forces the balance to zero when the shorter term ends.

d. The shorter term cancels the amortization, so the payment must be calculated as if the whole loan were due in that short term.

96. A constant-payment mortgage is fully amortized, so the balance at the end of the amortization is zero. The last instalment is slightly smaller than a regular instalment. What is that last instalment, and what would a large balance at the end mean?

a. The slightly smaller last instalment is the final payment. A large balance still owing would mean the loan was not fully amortized.
b. The slightly smaller last instalment is a prepayment penalty. A large ending balance is required on every fully amortized mortgage.
c. The slightly smaller last instalment is the trigger rate. A large ending balance is the interest rate differential.
d. The slightly smaller last instalment is an accelerated payment. A large ending balance means the borrower paid more than the minimum.

96′. A borrower reads a fully amortized schedule, sees that the last line is a little under the regular payment, and says, "That line is a large balloon I still have to budget as unpaid principal." Which statement matches the course?

a. The borrower is right. Full amortization always ends with a large unpaid principal called the final payment.
b. The borrower is right. The small last line is interest still owing, and the principal remains unpaid until a separate balloon.
c. The borrower is wrong. That line is the final payment, slightly smaller than a regular instalment, and the ending balance is zero.
d. The borrower is wrong because a fully amortized loan has no last instalment at all once the term begins.

97. A licensing-exam item asks what the course manual states about the longest amortization. Which selection is the exam answer?

a. Every mortgage in the manual, insured or not, is limited to 25 years, and no other range is stated.
b. An insured mortgage is capped at 25 years, and a down payment of 20 percent or more is described as a government allowance of 30 to 35 years.
c. A down payment of 20 percent or more has no maximum in the manual, and the manual says each lender sets its own cap.
d. Insured mortgages are stated at 30 years for every buyer, and uninsured mortgages are stated as fixed at 35 years by statute.

97′. A practice item is expressly limited to the course manual. A buyer puts more than 20 percent down, the mortgage is not insured, and the item asks what the manual says government rules allow for the amortization. Which selection is the exam answer?

a. The manual allows no amortization above 25 years, and it uses 25 years for every down payment.
b. The manual says there is no government rule, so it never states a range for this down payment.
c. The manual says government rules allow only the same maximum as an insured mortgage, which it states as 30 years.
d. The manual says government rules allow an amortization of 30 to 35 years for this uninsured mortgage.

98. On a constant-payment mortgage, a borrower pays more than the minimum payment required by the schedule. The borrower asks what the extra amount does to the life of the loan and to total interest. Which statement matches the course?

a. It is a final payment, so it is used only once, on the last day, and it is slightly smaller than the regular payment.
b. It lengthens the amortization, because a larger payment has to be spread over more periods, and total interest rises.
c. It is an accelerated payment. Paying more than the minimum shortens the amortization and saves interest.
d. It raises the outstanding balance, because any amount above the minimum is added to principal as unpaid interest.

98′. A borrower adds an amount above the minimum on each payment and worries that the loan will last longer and cost more interest because the payment got larger. Which statement matches the course?

a. The worry is misplaced. The extra amount is an accelerated payment: it shortens the amortization and reduces total interest.
b. The worry is correct. A larger payment always stretches the amortization and increases total interest.
c. The extra amount is the final payment, so it can be made only on the last day and must be slightly smaller than the minimum.
d. The extra amount is added to the balance, so the loan grows even though the borrower paid more than the minimum.

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

mortgage-finance

Items marked ′ are variants on the same point: do one when you miss the main question.

99. A lender in British Columbia holds a registered mortgage that is in default. The home is worth less than the amount owing. The lender wants both to become the owner and to sue the borrower for the unpaid difference. An associate says a power of sale in the mortgage allows a sale without a court proceeding, as in some other provinces. Which statement is the exam answer?

a. The lender must proceed by petition. A final order makes the lender the owner and ends the personal covenant, so the unpaid difference cannot be claimed.

b. The lender may sell under the contractual power of sale and may still sue for the difference, because British Columbia uses that non-court sale.

c. A final order transfers ownership to the lender and keeps the personal covenant, so the lender may sue for the difference after taking title.

d. The lender may skip court whenever the value is below the debt. A proceeding is required only when the property is worth more than the debt.

99′. In a British Columbia foreclosure the property is worth more than the debt, and the borrower neither pays nor sells during the redemption period. The lender then obtains conduct of sale, and the approved price does not cover the debt. The borrower asks whether a final order of foreclosure would have left the same personal liability. Which statement matches the course?

a. Both routes are the same. After either a final order or an approved sale, the borrower owes any difference and also loses any surplus.

b. The short sale price ends the personal covenant, while a final order of foreclosure would have preserved it for a later lawsuit.

c. The borrower may keep the existing listing until the sale completes, and a shortfall is payable only if a final order is made.

d. After this approved sale the borrower still owes the unpaid difference. A final order would have extinguished that personal covenant instead.

100. Marcus sold the house he lived in, and the buyer assumed his residential mortgage. Marcus never asked the lender for written approval. The term has since ended. Before three months have passed from the expiry, the lender sends Marcus a written demand for the balance. The buyer is already in default. Marcus says the assumption released him on the expiry date. Which statement matches the course?

a. Marcus was released on the expiry date. A demand sent after expiry cannot revive a covenant that ended when the term ended.
b. Marcus was released when the buyer assumed. Assumption replaces the original borrower, so the lender can sue only the buyer.
c. Marcus was released because the mortgage is residential. The three statutory paths apply only to mortgages made for a business.
d. Marcus remains liable. Assumption alone did not release him, and a written demand inside three months after expiry stops that automatic release.

100′. A company sells a warehouse it used in its business. The buyer assumes the mortgage, which financed that business rather than a home. The seller asks which of the three statutory release paths can end its covenant, and whether a later new agreement could release it instead. Which statement matches the course?

a. All three statutory paths apply. Every assumed mortgage in British Columbia releases the seller after three months of silence.
b. None of the three paths applies. A later new agreement can still release the seller if it is a novation fully replacing the old one.
c. The seller is released on completion. A company cannot remain liable once any buyer assumes a mortgage of business premises.
d. Only the demand–mortgage path applies, and a novation is available only for an agreement for sale, never for a mortgage.

101. Four mortgages are registered against one lot, in this order: first, second, third, and fourth. No priority agreement is registered. The third mortgagee obtains a final order of foreclosure. The borrower still wants to redeem whatever remains. Which statement matches the course?

a. The final order removes the first and second mortgages as well, because foreclosure clears every charge on the title.
b. The final order removes only the first mortgage. The second mortgage is already gone, and the borrower next redeems the fourth.
c. It removes the fourth mortgage and the borrower's equity of redemption; the first and second remain, and redemption runs upward.
d. The final order removes nothing until the third mortgagee pays the fourth. Foreclosure, like redemption, starts at the bottom.

101′. A borrower can raise enough money to pay only one of four registered mortgages and asks which one must be paid before any higher-ranking mortgage can be redeemed. There is no priority agreement. Which statement matches the course?

a. The lowest-ranking mortgage must be paid first. The borrower redeems from the bottom upward and cannot skip a lower charge.
b. The first mortgage must be paid first, because redemption and foreclosure both start with the earliest registration.
c. Any one of the four may be paid first. Registration order decides sale proceeds, not the order of redemption.
d. The most recently signed mortgage must be paid first, even if it was registered before the other three.

102. A private lender and a homeowner agree on a mortgage. In that same negotiation the lender takes an option to buy the home. The mortgage also bans prepayment and bans any buyer from assuming it. After the loan is already in place, the parties sign a separate option with its own consideration, unconnected to the mortgage. Which document fails as a clog?

a. The ban on prepayment fails, and the ban on assumption fails with it. Any limit on when or how the owner pays is void.
b. The option taken in the same negotiation fails. The later separate option can stand, and so can the bans on prepayment and assumption.
c. The later separate option fails. An option in favour of a lender is void whenever it is signed, even as an independent contract.
d. All three fail. A prepayment ban, an assumption ban, and every purchase option are clogs for the life of the loan.

102′. A borrower runs a fuel station. The mortgage itself requires the borrower to buy fuel only from a source the lender names, and the clause is written to keep operating after the land is redeemed. The parties did not make that supply arrangement as a separate contract. Which statement matches the course?

a. The clause remains valid after redemption, because a supply term is never treated as part of the mortgage.
b. The clause is valid only if it changes the interest rate. A collateral advantage that leaves the rate untouched can run forever.
c. The clause fails where it is truly a term of the mortgage and it continues after redemption. That is a clog in another form.
d. The clause fails from the first day of the loan, because a lender may not take any collateral advantage before redemption.

103. A multiple-choice item tells candidates to follow the course manual. It asks which figure is the criminal interest rate. One choice uses the figure in the manual. The other choices use later statutory figures. Which statement is the exam answer?

a. The manual calls it an effective annual rate of over sixty percent. That is the line to mark on this item.

b. The manual's line is an annual percentage rate over thirty-five percent for every borrower, including a large business loan.

c. The manual's line is an annual percentage rate over forty-eight percent, and every loan above a stated principal is uncapped.

d. The manual states no criminal rate, because the offence arises only after a lender has obtained a court order.

103′. An exam item marked course manual describes an individual who borrows for household expenses at an effective annual rate over sixty percent. A classmate marks the loan lawful, because a business band sits higher and a still larger principal has no ceiling. Which statement is the exam answer?

a. The classmate is right. The manual adopts the higher business band for every borrower, so a rate over sixty percent is still lawful.

b. The classmate is right on the exam and wrong only in practice. The manual has already replaced sixty percent with the later business bands.

c. The classmate is wrong. On this item a rate over sixty percent effective annual is the criminal rate, and the business bands are not the manual's test.

d. The classmate is wrong only because a household loan is criminal at any rate once the borrower is an individual.

104. A course-manual item asks how the manual characterises a mortgage in British Columbia. The item says to use the manual's mainstream view. Which statement is the exam answer?

a. The manual's mainstream view is that a mortgage is only the loan of money, so it creates no interest in the land.

b. The manual's mainstream view is that registration removes the borrower from title and makes the lender the registered owner.

c. The manual's mainstream view is that a mortgage still has the common-law character of a transfer.

d. The manual's mainstream view is the current statutory wording: a registered mortgage is a charge, and transfer wording has no effect.

104′. A candidate is told to answer from the course manual. The candidate wants to select the statement that a registered mortgage is a charge whether or not the document uses words of transfer. The item asks for the manual's mainstream view. Which statement is the exam answer?

a. Reject that selection on this item. The manual's mainstream view is that a mortgage retains the common-law character of a transfer.
b. Accept that selection. The manual is written as a charge, and it denies any character of a transfer.
c. Accept that selection only when the document avoids the word transfer. If it says transfer, the manual makes the lender the registered owner.
d. Reject every characterisation. The manual says a mortgage is not an interest in land, so neither transfer nor charge can be marked.

105. A seller will be paid in instalments. One structure transfers the fee simple to the buyer now and registers a mortgage back to the seller. The other leaves the seller as the registered owner, and the buyer's right to purchase is registered as a charge until the last payment. Which statement matches the course?

a. The two structures are the same in law. Whoever is named on title, the buyer is already the registered owner in both.
b. The first is a vendor take-back; the second is an agreement for sale, and the buyer is not the registered owner until the last payment.
c. The first is an agreement for sale, because any mortgage back to a seller keeps the seller as the registered owner.
d. The second is a reverse annuity mortgage, because the seller is paid in instalments and remains the owner until the end.

105′. A buyer under an agreement for sale wants proof of being the registered owner so a new mortgage can be granted before the last instalment is paid. The seller is still shown as the owner. The buyer's right to purchase is already on title as a charge. Which statement matches the course?

a. The buyer is already the registered owner. A charge called a right to purchase is another name for a transfer of the fee simple.
b. The buyer became the registered owner when the charge was filed. Filing that charge is the transfer of the fee simple.
c. The seller's name on title is a mistake. In every instalment sale the buyer is the registered owner from the first payment.
d. The buyer is not the registered owner yet. That interest is only a charge until the last payment, when the seller transfers title.

Chapter 16 · Mortgage Analysis in Real Estate Practice mortgage-finance

Items marked ′ are variants on the same point: do one when you miss the main question.

106. A buyer will pay part of the price in cash. The seller will lend the rest at a contract rate below the rate the buyer would pay to borrow the same amount in the market today. The loan will be repaid in full under its terms. Which statement describes the cash-equivalent price of this offer?

a. It equals the stated price. Full repayment of principal means the financing has no value of its own.
b. It is below the stated price, because the below-market loan's present value is less than its face amount.
c. It is above the stated price. Seller financing always adds a bonus on top of the cash the buyer pays.
d. It ignores the cash down payment and equals only the face amount of the seller's loan.

106′. A seller will carry part of the price because the buyer is a weaker credit. The take-back rate is higher than the current market rate. The rest of the price is cash. Which statement describes the cash-equivalent price of this offer?

a. It is below the stated price, because any loan from the seller is a concession to the buyer.
b. It equals the stated price, because a higher contract rate does not change the principal the seller will receive.
c. It is the cash down payment alone, because an above-market loan has no market value.
d. It is above the stated price. The buyer is paying a risk premium, so the loan's present value exceeds its face.

107. A mortgage has a 5-year term and a 25-year amortization, with monthly payments. Two years have passed. A buyer will assume the payments still due and the balance due when the term ends. Those cash flows are discounted at today's market rate. Which figure is N?

a. 23 years, the amortization still left, because the loan continues until it is fully paid off.
b. 25 years, because the original amortization is the life of the loan and does not shrink.
c. 36 months, the unused part of the contractual term, because that is the stream being valued.
d. 60 months, the original term, because an assumption restarts the count at the first payment.

107′. A mortgage has a 5-year term and a 25-year amortization, with monthly payments. Three years, being 36 payments, have already been made. The remaining payments and the balance due at the end of the term are discounted at the market rate. Which figure is N?

a. 24 months, the part of the contractual term that has not yet been paid.
b. 36 months, because that is the number of payments already made and is the discount period.
c. 25 years, because the amortization, not the term, is the period being valued.
d. 60 months, because the original term is counted in full even after 36 payments.

108. A vendor take-back is partially amortized. Using the contract rate, the licensee has already calculated the monthly payment and the balance due at the end of the term. The next task is the market value of that take-back. Which second step is correct?

a. Build a new payment at the market rate, then discount that new payment at the contract rate over the amortization.
b. Discount the contract-rate payment at the market rate, and leave out the balance due at the end of the term.
c. Discount the payment and the balance due over the years of amortization still left, using the market rate.
d. Keep the same payment and the same balance due, and discount both at the market rate for the periods in the term.

108′. A developer's vendor take-back uses a contract rate below the market. The monthly payment and the balance due at maturity were fixed from that contract rate. A colleague builds a higher payment at the market rate and discounts the new payment at the contract rate. Which correction is right?

a. The rebuild is right. Market value means the payment a new market-rate loan would require.
b. Keep the payment and the maturity balance fixed at the contract rate, and discount those amounts at the market rate.
c. Discount only the cash down payment. Once the payment is known, the take-back drops out of the price.
d. Use the contract rate for both steps. If the payment is already known, the market rate is not an input.

109. 24 months remain on a five-year mortgage that a buyer hopes to assume. The contract rate is below the market rate for a comparable remaining term. The monthly payment and the balance due at the end of the term are already stated in the original contract. Which statement is correct?

a. Discount the remaining payments and maturity balance at the market rate. That value is below face, and the gap is a negotiating figure only.
b. The outstanding balance is already the cash value of the assumed loan, because the buyer must repay every dollar of principal.
c. Count a fresh 60-month term from the assumption date, because the buyer is treated as starting a new contract.
d. The original payment must be recalculated at the market rate before any present value of the assumption is taken.

109′. A buyer may assume a mortgage with 36 months left on its five-year term. The contract rate is above the current market rate for that remaining term. The payment and the balance due at maturity are fixed in the contract. Which statement is correct?

a. The present value at the market rate is below the outstanding balance, because assuming any existing loan favours the buyer.

b. The outstanding balance equals the market value, because 36 months is too short for a rate difference to change the cash value.

c. Discount the remaining payments and maturity balance at the market rate. That value is above face, and the gap only starts the negotiation.

d. The buyer may treat the higher contract rate as void and pay today's market rate on the same balance instead.

110. A borrower takes a private second mortgage for household use. Before the funds are advanced, a charge of 2 percent of the principal is deducted. The borrower repays the schedule calculated on the face amount, but receives less cash than that face amount. Which statement is correct?

a. The cost of funds advanced is the figure the statute requires the lender to disclose, because it is the true rate.

b. The contract rate is already the true cost. A one-time deduction of points does not change the rate the borrower pays.

c. Disclosure must show the annual percentage rate; the higher true rate after the points is an analysis tool, not a required item.

d. No disclosure is required. A fee deducted from principal is outside the rule that applies when a bonus is added to the face amount.

110′. A borrower signs a private mortgage for personal use with a one-year term. A lender's bonus is added to the face amount, so the amount owed is larger than the cash advanced. Repayment is calculated on that larger face amount. Which statement is correct?

a. Cash advanced is below the face amount, so the true cost exceeds the contract rate. Disclose the annual percentage rate, not the cost of funds advanced.

b. Adding the bonus to the face lowers the true cost, because the borrower promises to repay a larger principal.

c. The cost of funds advanced must appear in the disclosure statement. The annual percentage rate is only another name for the contract rate.

d. A one-year term washes the bonus out. Only a fee spread over a 25-year amortization can change the true rate.

111. A closed mortgage has a term of less than five years. The borrower asks to pay it off in full, and the lender agrees to allow the payout. The contract rate is above the current market rate for a comparable term, and much of the term is still left. The lender charges the greater of three months' interest and the interest rate differential. Which penalty does the course expect?

a. Three months' interest. A market rate below the contract rate makes the differential the smaller figure.

b. The interest rate differential, usually far larger when the market rate is below contract and much of the term remains.

c. No penalty. On a closed term under five years the borrower may pay the outstanding balance alone.

d. Both amounts added together. The three-month charge and the differential are two parts of one penalty.

111′. A borrower with a closed mortgage asks to pay it off before the term ends, and the lender permits the early payout. Today's market rate for a comparable remaining term is above the contract rate. The lender charges the greater of three months' interest and the interest rate differential. Which penalty does the course expect?

a. The interest rate differential. Whenever the borrower leaves early, the differential is the larger figure.

b. No penalty. The lender can re-lend at a higher rate, so the borrower may leave without a charge.

c. The two amounts added together, then reduced by the benefit of the higher market rate.

d. Three months' interest. With the market rate above the contract rate, the differential is usually the smaller of the two.

112. A course-manual footnote tells the reader where to look for more information about the annual percentage rate. The question says to answer from that footnote. Which body does the footnote name?

a. The Financial Institutions Commission of BC, the body named in the footnote.

b. BCFSA, the body that now regulates mortgage brokers and real estate licensees.

c. The land title office, because the annual percentage rate is entered as a term of the registered charge.

d. The former real estate council, because percentage-rate disclosure is a trading-services conduct rule.

112′. A licensing question says to answer from the course-manual footnote and asks where a reader should look for more on the annual percentage rate. A candidate writes BCFSA, because the older commission no longer exists. Which answer does this item want?

a. BCFSA. Once the older commission was replaced, the footnote is read as naming the successor.

b. Either name. The examination accepts the footnote's body and the body that regulates licensees today.

c. The Financial Institutions Commission of BC, the body named in the footnote.

d. No body should be named. The footnote was about the disclosure list, not about a regulator.

Chapter 17 · Mortgage Underwriting and Borrower Qualification

mortgage-finance

Items marked ′ are variants on the same point: do one when you miss the main question.

113. A lender's notes show nine years in the same trade and six years at the same address. The debt-service ratios calculated from gross income leave no room for the proposed payment. The credit report is otherwise orderly. Which of the Five Cs is the weak point?

a. Character. Long employment and a stable address are what the debt-service ratios measure, so a failed ratio is a failed character test.

b. Capacity. The ratios ask whether this person can repay. That is a financial forecast, separate from whether the person is likely to pay.

c. Credit. A shortfall in the ratios means the score on the credit report is too low to support the payment.

d. Collateral. If the payment does not fit the income, the house is not acceptable security for the loan.

113′. The debt-service ratios fit comfortably. The same file shows four jobs in three years and three home addresses in that time. The credit report is clean. Which of the Five Cs is the weak point?

a. Capacity. Frequent moves reduce gross income, so ratios that already fit must be redone at a lower income.

b. Collateral. A short time at one address means the house cannot be taken as security.

c. Capital. Job changes show that the down payment was borrowed, so the buyer has no money of their own in the purchase.

d. Character. The question is whether this person will pay, and job and address stability feed that judgment, apart from the ratios.

114. Two appraisals of the same house differ by an amount inside the 3% to 5% range described in the course. One estimates the price informed buyers and sellers would agree in a reasonable listing period. The other is a long-term conservative figure prepared for lending, and it is the lower of the two. The contract price is higher than both. Which amount does the lender use for loan-to-value?

a. The contract price. That is the amount the buyer has agreed to pay, so the loan-to-value ratio multiplies that figure.

b. The purchase cost. Legal fees, the appraisal fee and any bonus are added to the contract price, and that total is the lending base.

c. The higher appraisal. A gap of 3% to 5% is a normal range, so the lender keeps the more current market figure.

d. The lower of the market-value appraisal and the lending-value appraisal. That is the figure the loan-to-value ratio multiplies.

114′. A buyer adds legal fees, the appraisal fee and a bonus paid to the seller on top of the price they agreed. The buyer then asks the lender to calculate the loan on that larger total. Which statement matches the course?

a. The larger total is the purchase cost. It always exceeds the purchase price and is not the lending value used for the ratio.
b. The larger total is the lending value. Fees and a bonus are the long-term conservative items an appraisal is meant to include.
c. The larger total is the market value. Market value is defined as the purchase price plus every fee the buyer pays.
d. The larger total is the required base. When two appraisals differ by 3% to 5%, the lender averages them and then adds the fees.

115. On an uninsured mortgage, the maximum loan at the 80% loan-to-value ceiling is lower than the maximum the buyer's income ratios would support, even with a car loan still in the ratios. The buyer asks whether paying off that car loan before completion will raise the amount the lender can advance on this purchase. Which statement matches the course?

a. No. The collateral ruler is the one that binds, so extra room on the income ruler cannot be drawn. Paying off the car loan does not raise this advance.
b. Yes. Other debt is always the tighter ruler, so removing the car loan raises the advance up to whatever the income ratios then allow.
c. Yes, but only if the amortization is also lengthened. A longer amortization is how the loan-to-value ceiling itself is raised.
d. No. An uninsured mortgage is calculated on purchase cost, and the car loan is part of that purchase cost until it is paid.

115′. The maximum loan the income ratios will support is below 80% of lending value. The buyer already has the cash for a 20% down payment. Which adjustment addresses the ruler that is actually binding?

a. Offer a higher price. A higher price raises lending value, and that raises the income-ratio ceiling in step.
b. Ignore the income ratios. On an uninsured mortgage the only ceiling is 80% of the purchase price.
c. Pay off other debt, lengthen the amortization, lower the rate or add a guarantor, since the income ruler is the one that binds.
d. Cut the down payment below 20% and skip insurance. A smaller down payment is how the income ruler is relaxed.

116. A borrower needs mortgage loan insurance. The premium is added to the loan and repaid with the regular payments. Which statement matches the course?

a. The premium is included in the loan-to-value ratio and left out of the debt-service ratios, because it is a one-time cost.
b. The premium is collected again at each renewal, and at renewal it is added into the loan-to-value ratio.
c. The premium stays out of the loan-to-value ratio, but payments on the balance including it go into the debt-service ratios.
d. The premium insures the borrower against a drop in value, so it is deducted from the loan rather than added to it.

116′. At renewal the borrower asks why no new insurance premium is being collected, and whether the premium added at funding changed the loan-to-value ratio. Which statement matches the course?

a. No new premium is due at renewal. The premium added at funding stayed out of the loan-to-value ratio, but payments on it counted in the debt-service ratios.
b. A new premium is charged at every renewal and is then included in the loan-to-value ratio, but it is left out of the debt-service ratios.
c. No new premium is charged, and the original premium was included in the loan-to-value ratio so the insured loan would stay at or under 80%.
d. The premium is refunded at renewal if payments were on time, and the refund is added to gross income for the ratios.

117. A candidate is asked how the course manual, which this licensing exam follows, defines the qualifying rate used to test whether a borrower can pay. Which statement is the exam answer?

a. The higher of the contract rate and 5.25%, with nothing added to the contract rate before the comparison.
b. The higher of the Bank of Canada five-year posted rate and the contract rate plus 2%.
c. The contract rate itself. The qualifying rate is the rate the borrower will actually pay on the loan.
d. The contract rate plus 2% only. The posted rate is another name for that same contract-plus-buffer figure.

117′. A classmate stops after adding 2% to the contract rate. The course manual also names the Bank of Canada five-year posted rate in the qualifying-rate sentence. For the exam, which instruction is right?

a. Drop the posted rate. The exam now uses the higher of the contract rate plus 2% and 5.25%, so the posted rate is no longer in the manual's sentence.
b. Use the posted rate alone. The contract rate plus 2% is only the rate the borrower pays, not a qualifying figure.
c. Average the posted rate and the contract rate plus 2%. The manual's words for taking the higher of the two mean the midpoint.
d. Take the higher of the Bank of Canada five-year posted rate and the contract rate plus 2%. The manual compares those two figures.

118. The course manual states ceilings for the debt-service ratios on an insured mortgage. A question gives gross income and property taxes, says to follow that manual, and asks which ceilings to apply. Which pair is the exam answer?

a. Gross debt service 39% and total debt service 44%, as the statutory ceilings for every insured loan.
b. Gross debt service 30% and total debt service 40%, stated in the manual as the statutory ceilings for insured loans.
c. No numeric ceiling. The manual leaves both insured ratios to whatever each lender publishes on the day of the application.
d. Gross debt service 35% and total debt service 42%. Those are the insured ceilings stated in the course manual.

118′. An instructor marks a drill wrong because the student used 35% and 42% on an insured mortgage. The instructor says the licensing exam now wants 39% and 44%. The question said to follow the course manual. Which pair should the student have used?

a. Gross debt service 35% and total debt service 42%. Those are the insured ceilings in the course manual.
b. Gross debt service 39% and total debt service 44%. The manual has been replaced by the insurer's current ceilings for exam marking.
c. Gross debt service 30% and total debt service 40%, because those are the statutory insured ceilings in the manual.
d. No percentages. The manual tells candidates to leave insured ratios blank and use the lender's figure from that morning.

119. A lender will not let the annual payment on a small apartment building exceed 80% of net operating income. A second note states a debt coverage ratio instead of that safety margin. Which figure matches the course?

a. A debt coverage ratio of 1.25. A 20% safety margin converts as 1 divided by (1 minus the safety margin).
b. A debt coverage ratio of 0.80. The coverage ratio is the share of net operating income that may be used for the payment.
c. A debt coverage ratio of 1.20. The course's usual apartment-building figure replaces the margin the lender stated.
d. A debt coverage ratio of 1.30. Twenty percent of income, loaded the way an apartment building usually is, equals that ratio.

119′. A term sheet for a small warehouse states a debt coverage ratio of 1.30 and does not state a safety margin. The buyer asks what share of net operating income must be kept back from the annual payment. Which figure matches the course?

a. 30%. A debt coverage ratio of 1.30 means the payment may use all but 30% of net operating income.
b. 20%. Every commercial loan in the course uses a 20% safety margin, and 1.30 is only an apartment custom.
c. About 23.08%. The ratio equals 1 divided by (1 minus the safety margin), so a ratio of 1.30 converts to that margin.
d. 1.30% of the loan. The safety margin is the coverage ratio written as a percentage of the amount advanced.

Chapter 18 · Local Government Law and Land Use gov–tax

Items marked ′ are variants on the same point: do one when you miss the main question.

120. A buyer is considering a corner lot. The official community plan designates that block for future high–density housing. The municipality's certified zoning map still zones the lot for one detached house, with limits on height, site coverage and the number of dwellings. The buyer asks what the course treats as buildable today.

a. The plan designation is the current rule. High–density housing may be built now, and the zoning map only records an old intention.

b. The plan states the future direction. The zoning bylaw states what may be built now, so today the lot is limited to what that detached–house zone allows.

c. Either document can authorize a building permit. The owner chooses the more generous of the plan and the zoning map.

d. The zoning bylaw is long–term policy only. Once the plan says high–density housing, no zoning amendment is required.

120′. An owner of a highway parcel wants a building permit this year for a small warehouse. The official community plan designates the corridor for future light industry. The certified zoning bylaw still allows only a detached house and a home occupation. The owner says adoption of the plan is enough.

a. The owner is right. An adopted plan replaces the zoning bylaw for every use the plan map shows.

b. The owner is right if the warehouse is one storey. A plan designation controls low buildings, and zoning controls only taller ones.

c. The owner is right because a home occupation already includes a warehouse. The plan designation is only background.

d. The owner is wrong. The plan shows future direction only. Until the zoning bylaw allows the warehouse, the present rules remain the detached–house rules.

121. A lawful warehouse became a legal non-conforming use when a new zoning bylaw banned warehousing. The building is in a city other than Vancouver. The operator left it empty for five continuous months, then leased it again for warehousing. Nothing was damaged. Which statement matches the course?

a. The use may resume. It is lost only after six continuous months of discontinuance, and a new tenant does not by itself end it.
b. The use is already lost. Ninety days of vacancy ends a legal non-conforming use in every municipality in the province.
c. The use may resume only if the new tenant is the person who occupied the building when the bylaw was passed.
d. The use is lost because any vacancy counts as damage of at least 75 percent of the value above the foundation.

121′. A non-conforming repair shop outside Vancouver closed and stayed empty for eight continuous months. The owner now wants to reopen the same repair use. The building was not damaged. Which statement matches the course?

a. The use survives. Only a vacancy of twelve months, or a sale to a new owner, ends a legal non-conforming use.
b. The use survives. A board of variance anywhere in the province may stretch a 90-day vacancy to 180 days, which can cover this closure.
c. The use has ended. Discontinuance for six continuous months ends it, and eight months is past that line. Later use must conform.
d. The use survives because the building is less than 75 percent destroyed. Vacancy is ignored until that damage test is met.

122. An owner asks council for a development variance permit to change a lot from one detached house to a small apartment building and to raise the permitted floor space ratio. The zoning bylaw allows neither. The owner wants to avoid a zoning amendment. Which statement matches the course?

a. The permit is the right tool. Council may vary any term of a zoning bylaw, including the use and the density.
b. The board of variance may order the change if the owner proves undue hardship. Hardship overrides the limit on use and density.
c. Neither tool can do it. A development variance permit and a board of variance order are both barred from changing use or density.
d. A temporary use permit can lock in the apartment. After its single renewal, the apartment use becomes permanent.

122′. The owner of a corner shop wants a board of variance order raising the floor space ratio above the zoning maximum, so a third storey can be added. The setbacks already comply. The owner says lost storage space is undue hardship. Which statement matches the course?

a. The order cannot raise the ratio. The board may make a minor variance of siting, size or dimensions, but it must not change density.
b. Hardship is enough. Once undue hardship is shown, the board may raise density and may also change the permitted use.
c. The board may raise the ratio because a third storey is only a change of height, and height is never treated as density.
d. A development permit for a mapped development-permit area can raise the floor space ratio above the zoning maximum.

123. A corner lot was zoned for retail. Council passed a zoning bylaw that placed it in a detached-housing zone. No bylaw restricts the lot to a public use. The market value fell, and the owner asks whether the municipality must pay for that loss. Which statement matches the course?

a. Compensation is payable. A zoning change that reduces market value is treated as an expropriation of the development right.
b. Compensation is payable. The owner had no chance to speak before council adopted the zoning bylaw, so the loss must be paid.
c. Compensation is payable. The municipality must pay the appraised gap between the old retail value and the new housing value.
d. No compensation is payable for this zoning loss. The only exception is a bylaw that limits the land to a public use.

123′. A municipality adopts a new official community plan. An owner's industrial parcel is designated for future low-density housing. The zoning bylaw has not yet been amended. There is no public-use bylaw. The market value drops, and the owner demands payment. Which statement matches the course?

a. Payment is due because an official community plan is only advice, and advice that reduces value must be paid for.
b. No payment is due. Loss caused by adopting an official community plan is not compensable unless a bylaw restricts the land to a public use.
c. Payment is due because the plan has not been followed by a zoning amendment, so the loss is premature and must be refunded.
d. Payment is due for half the drop. Plan adoption is compensable, while a later zoning bylaw is not.

124. A licensing-exam item asks what the course manual states about a zoning-amendment bylaw before it is adopted. The item does not describe a special statutory exception. Which statement is the exam answer?

a. A public hearing is generally required. The course places that hearing after first reading and before third reading.

b. A hearing is forbidden when the amendment agrees with the official community plan and its only purpose is housing.

c. A hearing is forbidden when the bylaw's only purpose is to meet the small-scale multi-unit housing requirement.

d. Council may adopt the bylaw first and hold the hearing afterwards if neighbours have already spoken to staff.

124′. For the licensing exam, a candidate reviews a residential rezoning that matches the official community plan. Housing would be about 80 percent of the proposed floor area. The candidate says the course forbids a public hearing. Which statement is the exam answer?

a. The candidate is right. The course forbids a hearing whenever housing is more than half of the floor area.

b. The candidate is right. The course moved all public comment to the official community plan and ended rezoning hearings.

c. The candidate is right. The course allows a hearing only when a neighbour files a petition before first reading.

d. The candidate is wrong. The course still expects a public hearing in a usual rezoning and teaches no floor-area ban.

125. A buyer plans to open a coin laundry that also dry-cleans on the premises. The zoning bylaw allows retail service on that lot. After completion, the buyer learns that the business-licence bylaw prohibits dry-cleaning plants on that street because of the solvents. Which statement matches the course?

a. The zoning approval decides the licence. A use listed as retail service cannot be stopped by a business-licence bylaw.

b. The two bylaws are separate. Zoning may allow retail service while the licence bylaw still prohibits this dry-cleaning business.

c. A licence may be refused for any reason, and the municipality need not give a written reason for the refusal.

d. The buyer may ignore the licence bylaw. Only the zoning bylaw can say what business operates on a commercial lot.

125′. A buyer is about to purchase a unit zoned for retail and personal service, relying on advice that this zoning is enough to run an indoor children's play centre. The business-licence bylaw prohibits play centres in that district. Which statement matches the course?

a. The advice is sound. A permitted retail and personal-service use includes every play business unless zoning names it and bans it.
b. The advice is sound if the fee is paid. A high licence fee is unlawful whenever zoning already allows a commercial use.
c. The advice is not sound. The licence bylaw is a separate document, and it may prohibit a play centre that the zoning bylaw does not mention.
d. The advice fails only in Vancouver. Elsewhere, a zoning permission forces the municipality to issue the business licence.

126. A licensing-exam item describes a land use contract signed with a municipality in 1974 and registered on title. The item asks for the course manual's position on such contracts. Which statement is the exam answer?

a. Every such contract ended on 30 June 2024. Zoning is now the only rule, and the owner is paid for the ending.
b. The parties may still sign a new land use contract in place of zoning, because the scheme was reopened for housing sites.
c. The contract is only a paragraph of the official community plan. It never took priority over the zoning bylaw.
d. Most of these older contracts were still in effect unless the parties agreed to end them. A 2014 amendment called for termination by 2024.

126′. For the licensing exam, a title search shows a land use contract registered in 1976. The parties have not agreed to end it. The item asks how the course manual treats its force against the zoning bylaw. Which statement is the exam answer?

a. The course treats it as generally still in force, and as a registered contract with priority over the zoning bylaw until it is ended.
b. The course treats the registration as expired on 30 June 2022, the date by which a replacement zoning bylaw had to be adopted.
c. The course treats it as cancelled when the official community plan was adopted, and the owner is compensated.
d. The course treats it as a building-permit note only. It never controlled use, density or the siting of buildings.

Chapter 19 · Taxes on Real Property gov-tax

Items marked ′ are variants on the same point: do one when you miss the main question.

127. Nadia is buying a resale townhouse in Kamloops. The seller's representative says the seller will collect the property transfer tax on completion and remit it, just as a seller collects GST on a new home. Registration at the land title office is set for next week. According to the course, who pays the property transfer tax, and what triggers it?

a. The seller collects it as the government's agent when the contract completes, and the contract of purchase and sale is what triggers the tax.

b. The buyer pays it directly to the government before registration can finish, and registration of an interest in land is what triggers the tax.

c. The buyer pays it only if the home is in one of five specified regions, and signing the purchase contract is what triggers the tax.

d. Neither party pays on a resale home, because a previously occupied house is an exempt supply and registration creates no transfer tax.

127′. Omar is given a life estate in a house by his aunt. No price is paid, and they never sign a purchase contract. His lawyer asks whether property transfer tax can arise when that life estate is registered. What does the course say?

a. No tax can arise. Only a fee simple sold for money is a taxable transfer, and a life estate is outside the tax.

b. The aunt must collect the tax and remit it, because the person granting the interest is the government's agent.

c. Tax arises only when fair market value is above $2,000,000, so a gift of a life estate is left off the return.

d. Registering the life estate can trigger the tax, and the transferee must pay it before registration is completed.

128. Priya, a Canadian citizen, buys a fully residential house in Prince George. The fair market value registered the same week is $3,400,000. The sale is at arm's length. She is not a first-time buyer, and no exemption applies. A friend says the whole price bears an extra 2% because it is over $3,000,000. Which statement matches the course?

a. The whole $3,400,000 moves into the top bracket and also bears the extra 2%, because crossing $3,000,000 reprices the entire value.

b. The extra 2% applies only inside the five specified regions, so a house in Prince George never bears that extra 2%.

c. The seller remits the extra 2% on the whole price, and the buyer pays only the ordinary 1% and 2% slices.

d. Only the $400,000 above $3,000,000 bears the extra 2%. Each lower slice keeps its own rate, and the first $3,000,000 does not bear that extra 2%.

128′. A mixed-use building in Kelowna is transferred at a fair market value of $4,200,000. The residential portion is $3,200,000 and the commercial portion is $1,000,000. No exemption applies. On which amount is the further 2% property transfer tax charged?

a. Only on $200,000, the part of the residential value above $3,000,000. The commercial portion does not bear the further 2%.

b. On the full $4,200,000, because the building as a whole is above $3,000,000.

c. On the entire residential portion of $3,200,000, because crossing $3,000,000 pulls all of the residential value into the further 2%.

d. On nothing. A mixed-use building is taxed only under GST, and the further 2% stops once any commercial use is present.

129. The licensing exam follows the course manual. Lena, a Canadian citizen who has never owned a principal residence anywhere, buys a resale condo in Burnaby. Fair market value at registration is $610,000. She meets every other first-time home buyer condition in the manual. Which result does the manual require?

a. No first-time home buyer exemption applies. The manual's partial exemption ends at $525,000, and $610,000 is above that ceiling.

b. The entire property transfer tax is exempt, because $610,000 is under the $835,000 full-exemption line.

c. Tax on the first $500,000 of the price is exempt, and the remaining $110,000 is taxed at 2%.

d. A partial exemption applies, because once the price exceeds $500,000 the manual gives partial relief all the way to $835,000.

129′. The licensing exam follows the course manual. Hugo buys his first principal residence in Nanaimo and meets every other condition in the manual. Fair market value at registration is $515,000. What exemption does the manual give?

a. The entire tax is exempt, because any first home under $835,000 is fully exempt.
b. No exemption is available. The manual taxes the full fair market value as soon as the price exceeds $500,000.
c. A partial exemption applies. Full exemption stops at $500,000, and $515,000 is inside the partial band that ends at $525,000.
d. Tax is removed only on the first $500,000 of the price, and the other $15,000 is taxed at 2%.

130. Sofia is a foreign national. She buys a residential condo in the Regional District of Nanaimo and is registered for 60% of the fee simple. Her brother, a Canadian citizen, is registered for the other 40%. The residential fair market value is $900,000. No exemption applies. On what amount does the course charge the additional property transfer tax for Sofia's acquisition?

a. $900,000, the full residential value, because one foreign national on title brings the whole property into the additional tax.
b. $450,000, half of the value, because two people on the same title always split the additional–tax base equally.
c. $540,000, her registered 60% share of the $900,000 residential value. The 20% additional rate is applied to that base.
d. No amount. The Regional District of Nanaimo is outside the five specified areas, so only the ordinary transfer tax can apply.

130′. A foreign corporation is registered for the entire fee simple of a residential lot on Tsawwassen First Nation treaty land. The fair market value is $1,200,000. A classmate says every foreign corporation pays 20% extra on any residential purchase in BC. What does the course say?

a. No additional property transfer tax applies. The tax does not apply on Tsawwassen First Nation treaty land.
b. $240,000 is payable, because 20% of the full fair market value applies to every foreign corporation in BC.
c. $180,000 is payable, because treaty land keeps the pre–2018 additional rate of 15%.
d. $240,000 is payable unless the company was incorporated in BC and no foreign national appears on its shareholder list.

131. Two completions occur on the same Friday. In the first, a Canadian-resident builder sells a never-occupied new condo to Lena, who is not registered for GST. In the second, a Canadian resident sells Marco the house she has lived in for eight years, and Marco will live in it. Neither buyer is a non-resident. Which statement matches the course?

a. Both deals are exempt. An individual who buys a home to live in never pays GST, whether the home is new or a resale.

b. The first deal is a taxable supply and the builder collects the GST. The second is an exempt supply of previously occupied housing, so no GST is charged.

c. Both deals are taxable at 5%, and in both the buyer self-assesses, because a seller never collects GST on real property.

d. The first deal is exempt until someone has lived there. The second is taxable, because a sale that produces a gain is a taxable supply.

131′. A non-resident owner sells a commercial strata unit in Surrey to a buyer who is not registered for GST. The unit has been used only as a shop. Who accounts for the GST, according to the course?

a. The non-resident seller collects and remits it. On real property the seller is always the government's agent.

b. No one accounts for it. Any strata unit that has been occupied is an exempt supply, including a shop.

c. The buyer pays no GST and claims a $50,000 rebate, because every strata purchase qualifies for the first-time housing rebate.

d. The buyer self-assesses and reports the tax, because the seller is a non-resident.

132. Devon pays the full price to the seller's lawyer on completion of a house in Chilliwack. Two weeks later he learns the seller was not a Canadian tax resident. Nothing was held back from the price. Who has the withholding exposure, and what figure does the course use?

a. The seller alone. Withholding is the seller's own income tax, and full payment ends any duty of the buyer.

b. The buyer must remit 50% of the gross price, because a non-resident's gain is taxed in full as business income.

c. The buyer withholds 25% only if the seller has owned the home for fewer than 730 days. A longer hold leaves no duty.

d. The buyer had to withhold 25% of the gross price and remit it. Paying the seller in full does not take that duty off the buyer.

132′. A seller declares that she is a Canadian tax resident and has lived and filed in BC for years. The buyer asks whether 25% of the price must still be withheld on completion. What does the course say?

a. The buyer must still withhold 25%, and the seller claims that amount back when she files her return.
b. No withholding is required. The 25% duty arises only when the seller is not a Canadian tax resident.
c. The buyer withholds 20%, using the same rate as the additional property transfer tax on a foreign buyer.
d. The seller withholds 25% from her own proceeds and remits it, whether or not she is a resident.

133. The licensing exam follows the course manual. A Canadian citizen who is not a satellite family owns a house in the City of Vancouver. The house was empty the whole year. He filed the provincial speculation and vacancy tax return. He did not file the City's property status declaration. Which result does the manual give?

a. The City treats the house as vacant because no declaration was filed, and the manual's empty homes tax rate is 1%. The provincial return does not decide the City's tax.
b. No empty homes tax is due. Filing the provincial return satisfies every vacancy tax that can apply to the same house.
c. The City treats the house as vacant and charges 3% of taxable assessed value, which is the empty homes tax rate in the manual.
d. The house is taxed only when it has been held for fewer than 730 days, and the rate is then the manual's 0.5%.

133′. The licensing exam follows the course manual. A foreign owner leaves a condo in Kelowna empty for the year. Kelowna is inside the speculation and vacancy tax area in the manual. Vancouver's empty homes tax does not apply. Which rate does the manual use for this foreign owner?

a. 0.5%, because every owner in a taxable area pays the same rate regardless of citizenship.
b. 3%, because 2026 is the year a foreign owner's speculation and vacancy tax rose to that rate.
c. 2%, the manual's rate for a foreign owner. The City of Vancouver's empty homes tax does not reach Kelowna.
d. 1%, because every vacancy tax in the manual uses the empty homes tax rate.

Chapter 20 · Building Design and Construction practice-misc

Items marked ′ are variants on the same point: do one when you miss the main question.

134. A buyer of a new detached house asks which part of the mandatory new-home warranty is the five-year part. Which coverage runs for five years?

a. Materials and labour throughout the home.
b. The building envelope, including water penetration.
c. Structural defects in the load-bearing parts.
d. Every latent defect, for one flat period of five years.

134′. A buyer of a new strata townhouse asks which item in the mandatory new-home warranty lasts ten years. Which coverage is the ten-year item?

a. Materials and labour throughout the townhouse.
b. The building envelope, including water penetration.
c. Structural defects in the load-bearing parts.
d. The common-property dollar limit, as a ten-year class.

135. A new 40-unit strata building carries the mandatory new-home warranty. The original purchase prices of all units add up to $18,000,000. What is the minimum warranty amount for the common property?

a. The combined original purchase prices, $18,000,000.
b. $100,000 multiplied by the 40 units, $4,000,000.
c. The fee-simple amount applied once, $200,000.
d. The common-property statutory minimum, $2,500,000.

135′. A buyer is purchasing a new fee-simple house for $640,000. What minimum warranty coverage does the course require for that home?

a. $200,000, the lower of the purchase price and $200,000.
b. $640,000, because coverage must equal the full purchase price.
c. $100,000, the strata-unit figure, applied to this detached house.
d. $2,500,000, the common-property figure, applied to every new home.

136. A licensee views a 1990s low-rise wood-frame strata near the coast. The wall is face-sealed, with sealant at the joints and no cavity behind the cladding. Which statement matches the course?

a. Water that gets past the cladding needs a cavity so it can drain and dry.
b. A tighter face seal is the upgrade, because the air gap is what trapped the water.
c. Only high-rise concrete towers were part of the leaky condo crisis.
d. Caulking at the sill is enough, so flashing is unnecessary if the bead is continuous.

136′. A strata council is recladding a coastal low-rise. The quote says to delete the air space and seal every joint so water cannot enter. How does the course read that quote?

a. Deleting the cavity is required, because coastal walls are accepted only when face-sealed.
b. The air space belongs only on high-rise steel frames, not on a low-rise wood building.
c. A reclad is only cosmetic, so the quote does not affect the envelope question.
d. The cavity should stay, because face sealing failed and trapped water must drain and dry.

137. A 1978 house was rebuilt from the foundation upward. More than three-quarters of the structure above the foundation was removed and replaced. The listing says original character home, and the seller has no new-home warranty. What is the course position?

a. The 1978 foundation keeps it an old home, so no warranty question arises.
b. It is a new home only if the owner has lived there for less than one year.
c. It is a new home, because more than 75% above the foundation was removed or replaced.
d. Warranty duties follow the original year built, and 1978 is outside that discussion.

137′. A builder keeps the old siding so the house looks untouched, but pours a new foundation. The new structural parts, counting that foundation, make up half of the finished building. The seller calls it a renovation. What does the course say?

a. It is a new home, because a new foundation plus new structure reaches 50% of the building.
b. It stays an old home because the siding was kept and the house does not look new.
c. It becomes a new home only if more than 75% above the foundation was also removed.
d. A warranty is required only when the building is a strata with common property.

138. An owner-builder has lived in the new house for two years and tells the listing licensee that self-building plus two years of occupancy means there is no warranty and nothing to give the buyer. No warranty policy exists. What does the course require on the resale?

a. Two years of occupancy ends both the warranty and any duty to say that coverage is missing.
b. An owner-builder disclosure notice is still required, and the owner is personally liable.
c. The listing should state that 2-5-10 warranty is included, because every owner-built house is deemed to have it.
d. The seller must place a $2,500,000 common-property warranty before any showing.

138′. A buyer asks who answers if the building envelope fails in year four. The house was owner-built, the seller lived there for 18 months, and the disclosure notice says there is no warranty. What does the course say?

a. No warranty insurer is on this house; the owner who built it is the person the buyer would look to.
b. Year four sits inside a deemed five-year envelope warranty, so the buyer claims on that cover.
c. Eighteen months of occupancy creates a statutory insurer even when the notice says none.
d. Envelope claims exist only for strata common property, never for this house.

139. The buyer asks the licensee to book the licensee's usual inspector and to pay the inspection fee on the licensee's card. That inspector also pays the licensee a referral fee. What does the course require?

a. Name only the one inspector the licensee uses most, so interviews do not delay the buyer.
b. Pay the fee on the licensee's card if the buyer promises to reimburse it later.
c. Keep the referral fee private, because a licensed inspector is already regulated.
d. Offer three independent names, do not advance the fee, and disclose the referral fee.

139′. The licensee gave the buyer one inspector's name, paid that fee, later called a defect-heavy report exaggerated, and kept a referral fee undisclosed. Which response matches the course?

a. Defend the transaction by describing the defects as minor and the inspector as too cautious.
b. Replace the buyer's inspector with the licensee's preferred one and pay the second fee up front.
c. Give three names, do not pay the fee, do not criticize the report, and disclose the referral fee.
d. Comment on the inspector freely whenever the referral fee happens to be zero.

140. A candidate asks what this chapter of the licensing exam wants as the description of the BC Building Code. Which statement matches the course manual?

a. The 2018 edition of the code, based on the National Building Code 2015.
b. The 2024 edition, based on the National Building Code 2020 and in force since 2024-03-08.
c. Whichever edition is in force on the exam day, applied retroactively to every existing house.
d. A single federal code, with no British Columbia edition of its own.

140′. In a study group, one person says the mark is lost unless the answer names the BC Building Code 2024 and the National Building Code 2020. What should be written to match the course manual?

a. The BC Building Code 2024, based on the National Building Code 2020.
b. The edition in force on the completion date, even when the permit was applied for earlier.
c. The 2014 Vancouver Building Bylaw, because the manual applies it across the province.
d. The 2018 BC Building Code, based on the National Building Code 2015.

Chapter 21 · Introduction to Real Estate Appraisal valuation

Items marked ′ are variants on the same point: do one when you miss the main question.

141. A seller will not accept less than a private minimum. A buyer will not pay more than a private maximum. They later sign at a price between those two figures, and neither knew the other's limit. Which statement matches the course?

a. The seller's minimum is market value, because it is the only figure a prudent seller would stand on.
b. The agreed price is value in exchange, and a sale can occur only when that price lies between the two limits.
c. The buyer's maximum is value to the owner, and the appraiser is expected to estimate that personal figure.
d. The appraiser should decide whether the agreed price is a good buy for this buyer's own finances.

141′. A buyer who already holds a market-value appraisal asks the listing licensee, "Given my taxes and the financing I can get, is this price a good buy for me?" What distinction does the course draw?

a. Answer with the appraisal figure, because market value already includes that buyer's tax position.
b. Treat the question as a request for the seller's floor price, and disclose that private minimum.
c. Average the appraisal and the buyer's maximum, and present the average as value in exchange.
d. Treat the question as investment value, which the market-value opinion does not answer.

142. For one house, the direct comparison approach, the income approach, and the cost approach produce three different figures. The cost figure is built from land value, replacement cost, and depreciation, and it looks the most exact on paper. How should the final opinion be reached?

a. Average the three figures, because each method has equal weight on every house.
b. Adopt the cost figure, because the course treats the cost approach as the most precise method in practice.
c. Drop direct comparison, because a house must be valued only from rent and operating expenses.
d. Reconcile by judging which result best matches how buyers and sellers of this kind of house actually price it.

142′. A place of worship has almost no recent sales of similar properties. Which approach does the course say is often used, and what caution comes with it?

a. The cost approach is often used where sales are lacking, but in practice it is often the least precise of the three.
b. The income approach is required, because every special-purpose property is priced from net rent.
c. Direct comparison is the only permitted approach, so the opinion must wait until identical sales appear.
d. Run all three approaches on every file and average them, because each must carry equal weight.

143. To help a seller set a list price, a licensee reviews recent sales, calls each one better, worse, or similar, and makes no dollar adjustments. The write-up is only a few pages and has no full sheet of assumptions. What is the course's main warning?

a. The main difference from an appraisal is that the licensee knows the neighbourhood better than an appraiser.
b. This is a CMA, and the licensee must say what was done and not done so it is not taken as a formal appraisal.
c. A CMA is not valid unless it uses the narrative form required for an expropriation hearing.
d. Calling the pages a CMA removes any need to say whether the property was inspected.

143′. A buyer asks for "something the lender will accept as the appraisal." The licensee offers the same short qualitative comparison already used to suggest a list price. What does the course say about that offer?

a. The short comparison is a form report, which is the format lenders use, so the lender must accept it.
b. A list-price comparison and a lender's appraisal differ only in which person is more expert.
c. A CMA differs from a formal appraisal in scope and formality, so it should not be offered as the lender's appraisal.
d. An oral opinion given in court is the only format that counts, so neither document can be used.

144. A one-storey repair shop sits on a street now zoned for mid-rise housing. The shop is still rented to a mechanic. A licensee is about to prepare a CMA for the owner. Which question does the course say to ask first?

a. Whether today's rent, by itself, proves that the existing shop is the highest and best use.
b. Whether the licensee should finish a precise residual calculation and hand it to the owner as the list price.
c. Whether the market would rebuild the same shop if it were destroyed, or whether the land has latent value in another use.
d. Whether the new housing zoning can be ignored because the repair shop is still standing and occupied.

144′. An appraiser describes highest and best use as the use with the greatest net return, then lists the constraints that use must satisfy. Which list matches the course?

a. Only the use that produces the most rent today, with no test of what the zoning allows.
b. Legally permissible, physically possible, financially feasible, and supported by the market.
c. The arithmetic average of the three approaches, because that average is the highest and best use.
d. Whatever use the current owner prefers, because value to the owner is highest and best use.

145. A valuation is prepared only for a credit union. The report misses long, obvious cracks in a settling wall. The borrower has no contract with the person who signed the report, but reliance by the borrower was foreseeable. The credit union sues in contract. The borrower sues in negligence. Which statement matches the course?

a. The borrower has no claim, because a duty of care exists only where there is a contract.
b. Any gap between the reported figure and a later sale price is negligence by itself.
c. A line saying the report is not responsible for structural matters cancels the duty, even if obvious cracks were never recorded.
d. The contract claim and the negligence claim can both exist, because the two paths are not mutually exclusive.

145′. A licensee lists a property from a thin CMA, does not check sales an ordinary practitioner would have checked, and adds a footer: "This is not an appraisal and creates no duty." The seller relies on the figure. Which statement matches the course?

a. The same professional standard applies to the licensee's opinion, and the footer cannot waive the duty of care.
b. The footer is effective, because only a person who uses the title appraiser can owe this duty.
c. The seller can complain only if the licensee also signed a separate appraisal retainer.
d. A list price that later proves different is automatic negligence, even if a careful peer would have agreed.

146. On the licensing exam, which statement about appraisal work in BC matches the course?

a. Appraisers generally need no licence; the exemption the course cites is s.2.8 of the Real Estate Services Regulation.
b. After the regulators were combined, every person who offers an appraisal must hold a trading services licence.
c. Expulsion from the appraisal body is a government licence cancellation, so paid appraisal work must stop.
d. The exam expects one newer professional mark, and the two designation names are no longer used.

146′. A member is expelled by the appraisal body and the next week accepts a paid assignment to value a residence of not more than four units, still using the word appraiser. On the exam, what is the result of that expulsion?

a. The person is barred from appraisal work, because the designation is a government licence.
b. The person may continue only on commercial property, because residential work needs a licence after expulsion.
c. Expulsion ends membership only, and the person may still accept appraisal work.
d. Expulsion converts the person into a trading-services licensee who must bill through a brokerage.

147. A buyer asks why a house needs an expert opinion of value when a company share can be priced from the market all day. Which of the course's reasons is the local one?

a. Houses trade every day in a national market, just as shares do, so location does not matter.
b. Every house of the same age is identical, so one sale prices all of them with no further judgment.
c. The property is fixed in one place, so a use next door can raise or lower its value.
d. A house can be handed back the same day prices fall, so slow reaction is not a concern.

147′. Which comparison does the course use to explain why real estate, unlike company shares, calls for an appraisal opinion?

a. Shares are unique to each holder, while houses of one type are perfect substitutes for each other.
b. A single share trade is usually more important to the parties than one real estate purchase.
c. Real estate trades more often than shares, so the extra data remove any need for an opinion.
d. Real estate sells infrequently, each parcel is unique, it reacts slowly, and its market is local.

Chapter 22 · Direct Comparison and Cost Approaches of Appraisal valuation

Items marked ′ are variants on the same point: do one when you miss the main question.

148. Mei is adjusting one sale. The subject lot is larger. The comparable's lot is 500 square feet smaller, and market evidence supports $6,000 for that difference. No other item is being adjusted. What should Mei do?

a. Subtract $6,000 from the comparable. The subject is better, so the comparable's price is cut.
b. Add $6,000 to the comparable's sale price. The comparable is inferior, and only the comparable is adjusted.
c. Add $6,000 to the subject and leave the comparable unchanged. The subject is the property being valued.
d. Make no lot adjustment. Once two sales are in the same block, size is never adjusted.

148′. Harpreet is adjusting a different sale. The comparable has one more half-bathroom than the subject. Market evidence supports $9,000 for that half-bathroom. What should Harpreet do?

a. Add $9,000 to the comparable's sale price so the extra bathroom is rewarded.
b. Add $9,000 to the subject so the subject matches the comparable's bathroom count.
c. Subtract $9,000 from the subject. The benchmark absorbs every difference.
d. Subtract $9,000 from the comparable's sale price. The comparable is superior on this feature.

149. Luis has one comparable. Its contract price includes a below-market vendor take-back mortgage, and the cash-equivalency adjustment is a deduction of $12,000. The house also differs physically, and Luis wants those differences as a percentage of price. He applies the physical percentage first and removes the financing premium afterward. What is wrong?

a. Cash equivalency comes first. A physical percentage worked out on the inflated contract price is understated because of that inflated base.
b. Financing is adjusted only after the physical items, because a vendor take-back mortgage is a physical feature of the house.
c. The $12,000 is added to the comparable, because below-market financing makes the comparable inferior to the subject.
d. The order does not matter. A percentage physical adjustment comes out the same on any base.

149′. A comparable has below-market vendor financing, the seller is the buyer's employer, the sale closed well before the effective date, and the house has one less bathroom than the subject. In which order does the course process these four differences?

a. Physical features, then market conditions, then conditions of sale, then cash equivalency.
b. Market conditions, then physical features, then financing, then the employer relationship.
c. Cash equivalency, then conditions of sale, then market conditions, then physical features.
d. Conditions of sale, then physical features, then cash equivalency, then market conditions.

150. A comparable ends with a net adjustment of zero. Its gross adjustment is 150% of the sale price. The plus item and the minus item are not a vendor take-back. The file looks tidy because the two amounts cancel. Which conclusion matches the course?

a. Use it as the primary comparable. A net adjustment of zero means the two properties are effectively the same.
b. Drop the gross-adjustment guide when the plus and the minus are equal. Equal offsets are the test of similarity.
c. Compare the 20% guide with the net adjustment only. A net of zero is inside the guide, so the sale is reliable.
d. Give it little weight: a 150% gross adjustment is far above the guide of about 20%, and no financing exception applies.

150′. Three sales from the same block have gross adjustments of 5.2%, 4.1%, and 4.4% of their sale prices. One of them has a net adjustment of 0.2%. A classmate throws out all three because each sale was adjusted. Which statement matches the course?

a. Any adjustment makes a sale unusable. Only a sale that needs no adjustment can support a value.
b. The gross adjustments are well under the guide of about 20%, so that guide does not reject them; a tiny net is not the test.
c. Reject the sale with the 0.2% net adjustment. A small net always means large hidden items that cancel.
d. The 20% guide applies only to vacant land. House sales in one block may have a gross adjustment above the sale price.

151. Three comparables produce indicated values of $837,100, $852,000, and $877,600. Every gross adjustment is well under 20% of the sale price. The $877,600 comes from the comparable with the lowest gross-adjustment ratio, 4.1%, and its main physical item is supported by paired sales. The other adjustments rely more on judgment. Which conclusion matches the course?

a. Average the three indications so the judgment-based sales and the paired-sales sale receive the same weight.
b. Adopt $837,100, because the lowest of the three indications is defined as market value.
c. Rely mainly on the best-supported indication, check the range with the other two, and round to $878,000.
d. Adopt $852,000, because the middle indication is the required statistical result.

151′. Of the indications $852,000, $877,600, and $837,100, why does the course give the most weight to the comparable that produced $877,600?

a. Its gross-adjustment ratio is the lowest, and its main physical adjustment is backed by paired sales.
b. It is the highest indication, and the highest indication is defined as market value.
c. It is the arithmetic centre of the three indications, so it is the average the course requires.
d. It needs no review from the other two, because one sale is enough once it is the highest.

152. An owner says a renovation cost $80,000, so the cost approach should include that $80,000. The owner also wants the cost of an exact copy of the old layout and materials. Buyers would not pay extra for that copy. Which cost does the course use?

a. The $80,000 historic invoice. Amounts actually spent are the starting point of the cost approach.
b. Current replacement cost: the cost on the effective date of a modern building that does the same job.
c. Reproduction cost of an exact copy, because the cost approach must duplicate the old layout.
d. The value declared on the transfer form, because a filed figure is the current cost.

152′. A house has an old layout with a separate door to every room. Rebuilding that exact layout would cost more than a modern layout with the same function, and buyers do not pay extra for the old doors. Which statement matches the course?

a. Use reproduction cost. The cost approach must recreate the building material for material.
b. Use historic cost. The year of construction locks the cost figure that the approach may use.
c. Use the $80,000 renovation invoice as replacement cost. A later invoice updates the historic cost.
d. Use replacement cost, the cost of a modern functional equivalent, not the price of an exact replica.

153. In the course's cost example, replacement cost new is $440,000. Economic life is 55 years, effective age is 15 years, and straight-line depreciation assumes a zero residual. Paint and deck repairs are $7,000, and that cost does not exceed the value the repairs would add. Which statement matches the course?

a. Straight-line physical incurable depreciation is $120,000. The $7,000 is curable physical depreciation, deducted at the repair cost.

b. Straight-line physical incurable depreciation is $7,000. The $120,000 is curable because a 15-year-old house can still be repaired.

c. Physical incurable depreciation is $140,000. The four depreciation cells are combined into one rate.

d. Physical incurable depreciation is $8,000. The straight-line method is reserved for a poor floor plan.

153′. The course's 15-year-old house has had ordinary maintenance, so effective age equals actual age. A different house of the same age has been unusually well maintained. Which statement matches the course?

a. Effective age is always the years since construction, so both houses take the same straight-line deduction.

b. Effective age is used only for curable items. Incurable physical depreciation uses the $7,000 repair figure.

c. Effective age can be below actual age when upkeep was especially good, and straight-line uses effective age.

d. Once any repair is finished, incurable depreciation drops to zero and the curable amount stays on the books.

154. Priya is comparing two strata units. Layout, floor area, and building age are close. One building has a gym and a pool. The other has neither. In one building, heat is inside the common fee and the strata owns a vacant parcel of common property. In the other, heat is billed separately and there is no such parcel. Which statement matches the course?

a. The units are comparables. For a strata unit, layout, area, and age are the whole similarity test.

b. The units must be valued by the cost approach. That is the usual method for one strata unit.

c. Not yet comparables: common-property rights and the way common expenses are shared must both be similar.

d. Use the sale and adjust only for floor area. Fees and common property sit outside direct comparison.

154′. Two strata units match in layout and outlook. Both buildings have similar common facilities. Both share common expenses on the same basis. Neither building holds extra land or a mortgage against the common property. What does the course say about the two extra tests?

a. Both extra tests are answered yes, as the course requires; matching layout alone would not have been enough.

b. A cost–approach split of the whole building is still required before either unit can be a comparable.

c. The sales still fail, because the course never lets one strata unit serve as a comparable for another.

d. One of the two tests can be skipped when the layouts match. The course requires only one yes.

Chapter 23 · The Income or Investment Approach of Appraisal valuation

Items marked ′ are variants on the same point: do one when you miss the main question.

155. A six-unit apartment building is fully leased. The leases were signed years ago, and the rents were never brought up to what similar units now rent for. Laundry income is collected separately. For the licensing exam, which figure is potential gross revenue?

a. The contract rents now being collected. Full occupancy shows the building is already at its highest rent, and laundry income is left out.
b. Current market rent on every unit, assuming full occupancy, plus other income such as laundry, even though the building is already full.
c. Contract rent plus only the 2026 residential cap of 2.3%, because a staying tenant cannot be repriced to market inside this line.
d. Market rent after operating expenses and after this year's mortgage payment, because this line is already net operating income.

155′. A fully leased industrial building has one long-term tenant. The contract rent is below what similar industrial space now leases for. Reserved parking brings in separate monthly income. For the licensing exam, which amount is potential gross revenue?

a. The contract rent alone. A tenant who has stayed shows that the contract rent is already the market rent, and parking is left out.
b. Market rent minus this building's own vacancy last year, with parking omitted because other income is classed as an operating expense.
c. Net operating income after debt service, because an industrial capitalization rate is applied only to the contract rent.
d. Current market rent on the space at full occupancy, plus the parking income, even though the tenant is in place and the building is full.

156. An investor asks the appraiser to treat four outflows as operating expenses when calculating net operating income: depreciation, capital cost allowance, income tax, and this year's mortgage principal and interest. For the licensing exam, which treatment is right?

a. Deduct all four. Each one reduces the cash this owner keeps, so each one belongs in net operating income.
b. Deduct only the mortgage payment. Financing is the same for every buyer, so the other three items stay out.
c. Deduct income tax and capital cost allowance, but never depreciation, because depreciation is not a cash expense.
d. Deduct none of the four. Net operating income is the return on the whole property before financing, so buyers can be compared.

156′. Two buyers want the same rental building. One will pay all cash. The other will use a mortgage. The file shows a different net operating income for each buyer, because the mortgage payment was deducted for the second buyer only. What should the appraiser do?

a. Use one net operating income for both, calculated before debt service. The mortgage payment is not an operating expense.

b. Keep the two figures. The cash buyer has no operating expenses, and the borrower deducts the whole payment as one.

c. Deduct the mortgage for both buyers, using the borrower's payment, so the cash buyer is valued on the same loan.

d. Deduct depreciation for the cash buyer and the mortgage for the borrower, then average the two net incomes.

157. A comparable six-unit building sold recently for $1,350,000. Its effective gross income was $135,000 and its net operating income was $101,250. Which capitalization rate does the course derive from this sale?

a. 7.5%, because the capitalization rate equals net operating income divided by the sale price.

b. 10%, because the capitalization rate equals effective gross income divided by the sale price.

c. 25%, because the capitalization rate is this building's operating expense ratio.

d. 7.0%, because a higher-priced comparable sets the rate for every similar building.

157′. A second comparable apartment building sold for $1,500,000. Effective gross income was $150,000 and net operating income was $105,000. This sale and another sale both show a gross income multiplier of 10.0. Which capitalization rate does this sale support?

a. 10%, because effective gross income divided by the sale price is the capitalization rate.

b. 30%, because this building's operating expense ratio is the capitalization rate.

c. 7.0%, because the rate equals this sale's net operating income divided by its sale price.

d. 7.5%, because every apartment sale is given the higher of the two derived rates.

158. Helen is appraising a rental building. Two comparable sales both show a gross income multiplier of 10.0. The subject's effective gross income is $145,500 and its expense ratio is about 33.3%. The comparables' expense ratios are 25% and 30%. Direct capitalization gives $1,294,000. Multiplying $145,500 by 10.0 gives $1,455,000. Why is the quick estimate higher by $161,000?

a. The direct-capitalization rate was taken from a government bond, so that method understates every apartment building.

b. Vacancy was deducted twice inside direct capitalization, so the net operating income used there is too small.

c. The multiplier ignores expenses. The subject's expense ratio is higher than both comparables, so the quick estimate is systematically high.

d. The multiplier is the final value whenever two comparables show the same multiplier, so the higher figure is the one to adopt.

158′. Two commercial buildings have the same effective gross income. One is on a gross lease and the owner pays a high share of operating expenses. The other is on a triple net lease and the owner pays much less. A buyer applies one gross income multiplier to both. What happens?

a. The multiplier gives both one value; direct capitalization would not, as the triple-net owner nets more.

b. The gross-lease building gets the higher value, because an owner who pays every bill is taking less risk.

c. The two methods must match whenever effective gross income matches, so a gap means one of the calculations is discarded.

d. The owner still deducts the tenant's triple-net expenses, so both methods keep the two buildings equal.

159. An apartment building is capitalized at 7.5%. A buyer would finance part of the price with an interest-only loan at 9.0%. For the licensing exam, which statement about leverage is right?

a. The 9.0% loan is positive leverage, because a rate above the capitalization rate increases the equity yield.

b. The 9.0% loan is negative leverage: borrowing costs more than the cap rate, so equity yield falls below 7.5%.

c. Leverage does not change the equity yield. It stays at 7.5% whether the buyer pays cash or borrows at 9.0%.

d. The 9.0% interest is an operating expense, and deducting it changes the capitalization rate itself to 3.0%.

159′. The same apartment building is capitalized at 7.5%. A different lender offers an interest-only loan at 5.0%. For the licensing exam, which statement about this loan is right?

a. The loan is negative leverage, because any borrowing pulls the equity yield below the all-cash yield.
b. The equity yield stays at 7.5%, because the interest is deducted inside net operating income before the rate is applied.
c. The loan is positive leverage only if the rate is above 9.0%, the rate used to illustrate a lower equity yield.
d. The loan is positive leverage. Borrowing cost is below the capitalization rate, so the equity yield rises above 7.5%.

160. After net operating income has been capitalized, the licensee learns the roof needs a one-time repair of $9,500 this year. The building's ordinary annual repairs are already in operating expenses. How should the $9,500 be handled?

a. Add $9,500 to annual operating expenses and capitalize again, because every repair is a variable expense.
b. Spread $9,500 through the expense ratio of every future year, because the roof is assumed to fail again each year.
c. Ignore the roof. The replacement reserve for appliances and carpets already covers every capital repair.
d. Deduct $9,500 once from the indicated market value. Do not treat it as an extra annual operating expense.

160′. Before capitalizing, a buyer wants the appraiser to subtract a one-time roof repair of $9,500 from this year's net operating income, on top of the ordinary repair budget. The roof work will not recur next year. What is the right treatment?

a. Subtract $9,500 inside net operating income, then divide by the capitalization rate, so the repair is valued as a yearly cost.
b. Leave $9,500 out of annual operating expenses, and deduct that amount once from the value indicated by capitalization.
c. Add $9,500 to potential gross revenue, because a repair increases the rent the building can charge next year.
d. Treat $9,500 as debt service, and lower the capitalization rate by the same amount of dollars.

161. A buyer wants a figure the lender can rely on for a mortgage advance. The licensee has finished the income calculations and is ready to send a number. Which statement matches the course?

a. The licensee signs the pages as an appraisal, because an income analysis that shows net operating income is a formal appraisal.
b. Only a court dispute needs a qualified appraiser. A mortgage advance can use the licensee's opinion as the appraisal.
c. A price opinion may guide a list price or an offer, but a mortgage advance needs a formal appraisal by a qualified appraiser.
d. The two documents are the same report. The only difference the course draws is whether the capitalization rate was rounded.

161′. A licensee tells a seller, "I have appraised your building at $1,294,000." The work was a price opinion to help set a list price, not a report prepared for a lender, an estate, or a lawsuit. What is the problem?

a. The licensee has described a price opinion as an appraisal. A list-price opinion is not a formal appraisal report.
b. The wording is fine whenever the figure equals net operating income divided by a capitalization rate.
c. It would be an appraisal only if the gross income multiplier had been used instead of direct capitalization.
d. The licensee may say appraisal for list prices, and must avoid the word only when the client is a lender.

Chapter 24 · From Contract to Completion agency–contracts

Items marked ′ are variants on the same point: do one when you miss the main question.

162. Nora is buying a house from Sam. She paid the deposit to her own brokerage, and the money is still in that brokerage's trust account. Sam has never received it. For the licensing exam, how does this deposit appear on the statements of adjustments?

a. It is a credit on Sam's statement only. The deposit already belongs to the seller, so Nora's statement leaves the line out.

b. It is a credit on Nora's statement only. Sam's statement has no deposit line, because the money never reached him.

c. It is a credit on Nora's statement and a debit on Sam's statement, for the same amount on both statements.

d. It is a debit on Nora's statement only. Paying a deposit increases the cash she must still bring to completion.

162′. Victor paid the deposit directly to the seller, Helen, under the contract. The money is not in any brokerage trust account, and Helen has already received it. For the licensing exam, how does that deposit appear on the statements of adjustments?

a. It is a credit on Victor's statement only. A seller never shows a deposit, even after the seller has received the money.

b. It is a debit on Victor's statement only. A deposit increases the cash the buyer must still bring to completion.

c. It is a credit on Helen's statement only. Money she has already received is extra sale proceeds on completion day.

d. It is a credit on Victor's statement and a debit on Helen's statement, because she has already received that part of the price.

163. Priya is buying from Owen. Her bank will advance a new mortgage to Priya alone and will pay that advance to her conveyancer. Owen is not lending any of the price, and Priya is not taking over Owen's loan. For the licensing exam, where does Priya's new mortgage appear?

a. As a debit on both statements. Each party must show the same loan, or the two statements will not balance against each other.

b. As a credit on Owen's statement only. Any mortgage that exists on completion day reduces the seller's sale proceeds.

c. As a debit on Priya's statement and a credit on Owen's statement. A new mortgage moves cash from the buyer across to the seller.

d. As a credit on Priya's statement only. Owen's statement does not show this mortgage, because it does not change what he receives.

163′. Owen still owes his own lender. On completion that loan will be paid from Owen's sale proceeds, together with the lender's discharge fee. Priya's new loan is a separate advance from her own bank. For the licensing exam, where does the payout of Owen's old loan appear?

a. As a debit on Owen's statement only, for the balance and the discharge fee. Priya's statement does not show this payout.

b. As a credit on Priya's statement only. Paying out the seller's loan reduces the cash the buyer must bring.

c. As a debit on Priya's statement and a credit on Owen's statement, so both sides share the seller's old debt.

d. As a credit on both statements. A loan that is paid out is money each party has already contributed.

164. The seller has already paid this year's property tax in full. The contract makes the buyer responsible for the adjustment date itself. The buyer's share from the adjustment date through December 31 has been worked out as one figure. For the licensing exam, how does that figure appear?

a. Debit the buyer and credit the seller, for that same figure. The seller prepaid the days that now belong to the buyer.

b. Credit the buyer and debit the seller, for that same figure. A buyer never reimburses tax the seller has already paid.

c. Debit both parties. Each party owes the tax office its own share, so each statement carries a debit and no credit.

d. Leave the figure off both statements. Tax already paid to the municipality is no longer an adjustment.

164′. This year's property tax is not yet due, and the buyer will pay the bill when it arrives. The seller must reimburse the buyer for January 1 through the day before the adjustment date. For the licensing exam, how does that reimbursement appear?

a. Debit the buyer and credit the seller. The person who owned the home before the adjustment date is the buyer's creditor.

b. Debit both parties for the full year's tax. The city has not been paid, so each statement shows the whole bill as a debit.

c. Credit the buyer and debit the seller for the seller's days only, since the buyer will pay the whole bill.

d. Credit both parties. An unpaid future tax bill is treated as money each side has already set aside.

165. A buyer qualifies for an exemption from property transfer tax. The transfer will be submitted electronically. The buyer says there is no tax, so there is nothing to file. For the licensing exam, what must still happen when the transfer is submitted?

a. Pay the ordinary tax in cash at the land title counter and file nothing. An exemption is recorded only by the conveyancer's letter.
b. Skip both the tax and the return. An exemption removes the transaction from the filing rules entirely.
c. File the property transfer tax return and claim the exemption on it, even though no tax is payable. An electronic submission uses an electronic return.
d. File a paper return only if the registrar later asks for one. An electronic transfer need not carry a return on the day it is submitted.

165′. A buyer of a newly built home qualifies for a new-home exemption from property transfer tax. The buyer wants the file to show no tax and no return. The application will be filed electronically. For the licensing exam, which treatment is right?

a. Show neither tax nor a return. A new-home exemption means the land title office receives no property transfer tax filing.
b. Show no tax payable, but still file an electronic property transfer tax return and select the exemption on that return.
c. Show the full tax as a buyer debit and file no return. The exemption is claimed later by a refund application to the municipality.
d. Show the tax as a credit to the seller. A new-home exemption is a rebate the seller gives the buyer on the completion date.

166. A residential completion file is being assembled for the licensing exam. The buyer is an individual. This file needs no strata form and no new mortgage. For the exam, which set is the completion package?

a. The signed Form A, both statements of adjustments, the property transfer tax return, the buyer's funds to complete, and the buyer's transparency declaration.
b. The signed Form A, both statements of adjustments, the property transfer tax return, and the buyer's funds to complete.
c. The signed Form A and the buyer's funds to complete. The statements and the tax return are added only if the registrar later asks for them.
d. A transparency declaration, a transparency report, and the property transfer tax return. The Form A is submitted only after the report is accepted.

166′. A strata resale needs the strata payment certificate, and the buyer is granting a new mortgage. For the licensing exam, which package is the complete exam list?

a. The Form A, both statements, the tax return, the strata certificate, the mortgage form, the buyer's funds, and a transparency report from the buyer.
b. The Form A and the new-mortgage form only. The strata certificate and the tax return are filed by the strata corporation, not in this package.
c. A transparency declaration from every transferee, plus a transparency report. The strata certificate replaces the Form A.
d. The Form A, both statements of adjustments, the property transfer tax return, the strata payment certificate, the new-mortgage form, and the buyer's funds to complete.

167. The deposit is larger than the listing commission and sits in the buyer's brokerage trust account. The seller's statement shows the commission as a debit. The seller tells the buyer that the deposit is the brokerage's commission. For the licensing exam, which statement is right?

a. The seller is right. Once the deposit reaches trust, it stops being part of the price and becomes the commission in full.
b. The seller is right. Commission is a debit on the buyer's statement, and the deposit is that same debit under another name.
c. The seller is wrong: the deposit is part of the price, and the listing may authorize paying commission from it.
d. The seller is wrong. Commission may be taken from trust on the day the offer is accepted, and the whole deposit is then returned to the buyer.

167′. The deposit is smaller than the listing commission and is held in the buyer's brokerage trust account. The seller asks who pays the shortfall, and whether the shortfall shows that the deposit was really commission. For the licensing exam, which answer is right?

a. Deposit and commission stay separate debts; the listing may authorize using the deposit, and the seller's proceeds cover the gap.
b. The shortfall is a debit on the buyer's statement. A deposit below the commission becomes the buyer's own debt to the brokerage.
c. The deposit is cancelled, and the full commission is paid by the buyer as a credit on the seller's statement.
d. The brokerage keeps the deposit as earned commission on the acceptance date, and it cannot collect the shortfall from anyone.

168. The contract sets the possession date as the day after completion. On the completion date the seller asks the licensee to give the buyer the keys, so the buyer can move in one day early. For the licensing exam, what should the licensee do?

a. Refuse. Possession must follow the date in the contract. Giving the keys a day early has been treated as a discipline matter.

b. Hand over the keys. Completion and possession are the same event, so the keys move when the transfer is submitted.

c. Hand over the keys if the buyer has paid the deposit. The deposit buys a right to occupy one day before the possession date.

d. Hand over the keys at noon on the completion date. The exam treats noon as the right time whenever the two dates fall on different days.

168′. One client wants to sell a home in the morning and buy the next home that same afternoon. The draft sets possession at noon on the completion date for both contracts. For the licensing exam, which drafting choice fits the course warning?

a. Keep noon on the completion date. The course treats noon as the safe time, because the filing is finished by then.

b. Separate the dates. Do not put possession on the completion date, and do not write noon. Do not schedule the sale and the purchase on one day.

c. Set possession for the morning of completion and hand over the keys when the deposit is paid, even if completion is still open.

d. Use one date for completion, adjustment, and possession, and let the buyer waive that timing if the move is urgent.

Chapter 25 · Introduction to Marketing practice-misc

Items marked ′ are variants on the same point: do one when you miss the main question.

169. Mei, a licensee, is interviewed by a community newspaper about why homes in her town are taking longer to sell. She pays nothing, and she does not see the article before it runs. The paper then questions her reading of the market. In the course's promotional mix, what is this article?

a. Advertising, because any public comment on a licensee's market views is a paid, non-personal sales message.

b. Publicity, because an independent paper reported on her without pay, and she did not control the content.

c. Public relations, because every message that reaches the public is a long-term image program run by the licensee.

d. Sales promotion, because a news story is a short-term incentive, in the same class as a gift or a contest.

169′. Omar pays a community newspaper to print a full page he wrote, praising his own negotiation record. He approves every sentence before it is printed. In the course's promotional mix, what is that page?

a. Publicity, because a newspaper published it, and readers may trust a newspaper more than a paid announcement.

b. Personal selling, because the page names him and speaks directly to whoever reads it.

c. Public relations, because the page is meant to build a long-term professional image and nothing more.

d. Advertising, because he paid for a non-personal sales message and he controlled the copy.

170. A licensee prices one service package by prestige pricing and another by penetration pricing. A colleague says both methods belong under Price in the marketing mix, and that Price here means the sale price of the homes she lists. Which statement matches the course?

a. Both methods sit under Price, and Price means the sale price the seller hopes to receive for the home.

b. The methods sit under Product, because a fee schedule is the sample of the intangible service she sells.

c. The methods sit under Promotion, because prestige and penetration are ways of advertising a fee.

d. Both methods sit under Price, and Price means the fee charged for the service, not the sale price of the home.

170′. Nora uses cost-plus pricing for her buyer-agency fee and follow-the-competition pricing for her listing fee. She tells a new licensee that these are Price decisions about the asking price of a home. What does the course say?

a. They are Price decisions about the fee for her service. They are not decisions about the asking price of a home.
b. They are Place decisions, because the fee changes with the office where the client signs.
c. They are Product decisions, because the fee is a physical sample the client can compare before hiring her.
d. They are Promotion decisions, because matching another licensee's fee is a short-term gift to the client.

171. Before hiring a licensee, the Chen family compares several licensees' experience, reads how their recent listings sold, and visits open houses. They hire a licensee rarely, and the fee is large beside an everyday purchase. In the Shopping Behaviour Model, how does the course class the real estate service?

a. As a shopping good: buyers compare quality and price, they buy infrequently, and the unit price is high.
b. As a convenience good: buyers purchase often, use the service at once, and do little comparing.
c. As a specialty good: buyers accept no substitute and will hire only one named person.
d. As an unsought good: buyers do not look for the service, and fear or prevention is what drives the purchase.

171′. A first-time buyer compares several licensees at length, then hires one. A friend says that much comparison means the service is a convenience good, like an everyday product. What does the course say?

a. It is an unsought good. Buyers do not look for a licensee until fear of missing a purchase pushes them.
b. It is a specialty good. Once a buyer starts comparing, only one named person remains acceptable.
c. It is a shopping good. Comparing before a rare, high-priced purchase is what that class describes.
d. It is a convenience good. Any service a household uses is classed with everyday products that need little comparison.

172. After the seller signs the listing agreement, the licensee stops calling, saying cognitive dissonance can arise only at the moment of signing. Later the seller accepts a conditional offer and asks whether a higher asking price would have been wiser. What does the course say?

a. It appears once, at signing, and it ends when the listing agreement is in force.
b. It appears only when the client moves, because that is the first moment the decision feels real.
c. It can return at several points, including acceptance of an offer, removal of conditions, and the move itself.
d. It appears only if the licensee never used listening skills in the first meeting, and it cannot return later.

172′. A buyer removes the last subject on a purchase and then says, 'Maybe I should have kept looking.' The licensee replies that this kind of doubt cannot occur once subjects are removed, and that it occurs only on moving day. What does the course say?

a. Doubt of this kind is a one–time event, and it occurs only when the buyer first signs.
b. This is cognitive dissonance, and it can recur when subjects come off, not only on moving day.
c. This is the felt–need stage, so the buyer has not yet started pre–purchase activity.
d. This is publicity, because the buyer is repeating a message the licensee does not control.

173. Luis writes the goal 'Improve my service.' A colleague writes 'By a stated deadline, contact every client whose file closed in that period, and record how many agreed to a referral conversation.' Which comparison matches the course?

a. Both goals are SMART, because each one expresses a wish to do better with clients.
b. Only the colleague's goal is SMART. It is specific, measurable, able to be met, tied to the work, and set to a deadline. Luis's sentence is not specific or measurable.
c. Only Luis's goal is SMART, because a short goal is always achievable and a goal that names a count is not.
d. Neither goal is SMART, because a SMART goal may not name clients, a count, or a deadline.

173′. A team leader praises the goal 'Get busier.' She says it is achievable and relevant, so the other three SMART tests can be skipped. What does the course say?

a. Achievable and relevant are enough. Specific, measurable, and timely are optional labels.
b. A short goal is always specific, because it names only one aim and needs no further detail.
c. Timely can be skipped when the goal is about personal effort rather than a client file.
d. All five tests apply. 'Get busier' is not specific or measurable, and it sets no time limit.

174. On the licensing exam, an item asks for the advertising-penalty schedule set out in the course manual. A licensee's advertisement breaches the rules the manual is describing. Which schedule does the exam want?

a. A fixed $250 the first time, $500 the second time, and $1,000 for a third or later breach.
b. A base of $1,000 the first time and $2,000 the next time, plus $250 for each day the breach continues.
c. A base of $5,000 the first time and $10,000 for a later breach.
d. A warning only, with no dollar figure, because the course manual treats an advertising breach as advice rather than a penalty.

174′. A course-manual question asks for the penalty on a third advertising breach, after two earlier breaches under that same old schedule. Which figure does the exam want?

a. $2,000, plus $250 for each further day, because that is the later-offence figure in the six-level schedule.
b. $10,000, because a third breach is always charged at the higher team-level amount.
c. $1,000, the fixed amount the course manual states for a third or later breach.
d. $250, because every breach, including the third, stays at the first-offence amount.

175. A licensee whose work has been residential listings agrees to market a small warehouse the licensee has never handled, and sets aside no time to learn that work, because the month has been slow. What does the course say?

a. This is the niche marketing the course prefers, because adding a second property type always creates a niche.
b. This is required undifferentiated marketing, because one plan must cover every property type on the market.
c. Accepting the work without adequate time or expertise may be a breach of professional ethics.
d. Product positioning requires the licensee to take every property type a client brings.

175′. A residential licensee declines a request to list a commercial site the licensee does not understand, and keeps working the neighbourhood of family homes where the licensee already has results. A colleague calls that a wasted fee. What does the course support?

a. Staying with the market the licensee can serve. Taking work without the time or expertise may breach professional ethics.
b. Accepting the commercial site. Undifferentiated marketing requires every licensee to take every listing offered.
c. Accepting the commercial site. A shopping good means a licensee may not refuse a client who asks.
d. Accepting the commercial site. Place in the marketing mix means the licensee must be willing to work in every location.

Chapter 26 · Technology and the Real Estate Licensee practice-misc

Items marked ′ are variants on the same point: do one when you miss the main question.

176. Priya posts listing commentary in Chinese on a business social-media account. The profile page shows a Chinese translation of the brokerage's name and a group emblem. It does not show the brokerage's licensed name in the form on the licence. The posts themselves do not repeat a brokerage name. Priya says the guidance does not require every post to carry the brokerage name, so the account complies. Which statement is correct?

a. The account complies. The brokerage name is required on a post only when that post names the individual licensee, and these posts do not.

b. The account does not comply. The profile page must show the brokerage's licensed name as registered, and a translation or emblem does not meet that requirement.

c. The account complies. A group emblem on the profile page is the licensed name, so later posts may omit any further identification.

d. The account fails only because each post omitted the name. A translated brokerage name on the profile page would have been enough by itself.

176′. A licensee prints a Chinese flyer for a listing. The licensee's own name appears. The brokerage appears only under a translated name the licensee invented, because the translation sounds friendlier. Which statement is correct?

a. The brokerage's licensed name must appear in its registered form; a friendlier translation does not meet the rule.

b. A friendlier translation replaces the registered name whenever the flyer is not in English.

c. The licensee's own name is enough. The brokerage name is required only on a website profile page, not on paper.

d. The flyer complies if a group emblem is added, because an emblem is the registered brokerage name.

177. Owen keeps copies of a buyer's government identification on a phone, and the copies are later exposed. Owen says this is only a privacy-statute problem, so the real estate regulator cannot treat it as a licensing breach. Which statement matches this lesson?

a. The regulator may still act under the duties of honesty and of reasonable care and skill; another statute does not displace them.

b. Only the privacy commissioner can respond. The licensing statute stops at advertising signatures and does not reach a privacy failure.

c. The four regimes are alternatives. Once a privacy statute applies, the licensing rules and the other two regimes drop away.

d. A phone the licensee owns is outside all four regimes, because those regimes apply only to paper files kept at the brokerage office.

177′. Nadia sends a bulk text promoting new listings. The texts have no unsubscribe mechanism. Nadia says the messaging statute is federal, so a provincial regulator cannot look at the texts under licensing duties. Which statement matches this lesson?

a. The federal messaging rules replace the licensing duties, so the texts are judged only on whether a fee was charged for them.

b. The texts are outside every regime, because a text message is never real estate advertising and never a commercial electronic message.

c. The messaging statute has its own rules, and the regulator may still examine the texts under the duties of honesty and of reasonable care and skill.

d. Only an electronic signature on the text can bring it inside the licensing duties. A text with no signature is ignored.

178. A seller and a buyer have signed a contract of purchase and sale by tapping a signature screen. The seller now asks to transfer title the same way, on that screen, with no lawyer or notary and no paper execution copy. Which statement matches this lesson?

a. Both the contract and the transfer sit outside the electronic-transactions statute, so the contract also had to be signed in wet ink.

b. The seller may sign the transfer on the screen. An electronic signature satisfies every signing and witnessing rule used at the land title office.

c. The transfer may be signed on the screen if the buyer signs that same screen on the same day.

d. The contract could be signed on screen, but a registrable transfer of a land interest cannot be completed by the seller's own e-signature.

178′. A designate is asked to certify an electronic transfer for filing. The seller never signed a paper execution copy, and no witnessed paper copy is in the designate's hands. The seller's only signature is on a screen. Which statement matches this lesson?

a. The designate may certify, because a screen signature replaces both the paper execution copy and the witnessing.
b. The designate's signature certifies a witnessed paper execution copy held by the designate, so it cannot be given here.
c. The buyer may certify the electronic transfer in place of the designate, because the buyer saw the screen.
d. No land–title document can ever be submitted electronically, so the designate's role does not exist.

179. On the licensing exam, the item follows the course manual's wording on implied consent for a commercial electronic message. Ten months ago a visitor at an open house wrote down an email address and asked about that one property. There was no purchase, no lease, and no written contract. Which period does the exam want?

a. Six months from the inquiry, so ten months is already too late and implied consent has ended.
b. No fixed period, because an open–house sheet is a conspicuous publication of the address for any later message.
c. Two years. The manual sets one two–year window for prior dealings and no shorter period for inquiries.
d. Ten business days, because that is the manual's entire life of implied consent after any open house.

179′. According to the course manual, a person submitted an application to lease through the licensee eight months ago and then did not proceed. No lease was signed. Which implied–consent period does the exam want for a later commercial electronic message?

a. Two years. The manual gives prior dealings one two–year window and no separate, shorter period for an application.
b. Six months. The manual states that an application supports implied consent only inside that shorter period.
c. Sixty days. The manual uses the contact–information period as the length of implied consent.
d. The manual gives an application no implied consent. Only a completed purchase creates it, and only for six months.

180. A brokerage in BC loses a laptop that holds application forms collected in BC from local buyers. A colleague says the brokerage must notify those buyers without unreasonable delay under the public-sector privacy statute, because that statute has a breach-notification section. Which statement matches this lesson?

a. The public-sector notification section applies to every organization in BC that holds personal information, including a brokerage.
b. That notification section governs public bodies, not a brokerage. The private-sector statute for this collection inside BC has no mandatory breach-notification provision.
c. The federal private-sector statute is the main statute for this collection inside BC, and the brokerage must follow that statute's notification timetable.
d. No privacy statute applies to a lost laptop. Protection of the information is optional, and the only possible consequence is a licensing file with no privacy duty.

180′. A licensee reads a learning objective about freedom-of-information and privacy principles and decides that a brokerage file on a local tenant applicant is governed by the public-sector statute. The file was collected in BC and has not been sent outside BC. Which statement matches this lesson?

a. The public-sector statute is the main privacy statute for every brokerage file, because the learning objective names freedom of information.
b. The federal private-sector statute applies, and the provincial private-sector statute applies only to public bodies.
c. No statute applies until the file crosses a provincial border. A tenant file that stays in BC is unregulated.
d. The provincial private-sector statute is the main statute for this collection inside BC. The public-sector statute governs public bodies, not the brokerage.

181. Farah posts a seller's unpublished bottom price and reason for selling in a members-only group of other licensees. The public cannot see the group. Farah uses a personal account kept separate from the business profile. Which statement matches this lesson?

a. The post can still breach the confidentiality duty. A closed group is not an exception, and conduct on a personal account can be conduct unbecoming.
b. A closed group of licensees is safe, because the social-media guidance applies only to posts the public can already see.
c. The post is allowed once the personal account is set to a more private visibility, because a private account is outside the guidance.
d. The post is allowed if the brokerage's licensed name appears, because confidentiality yields when the advertising signature is complete.

181′. In a private chat visible only to three colleagues, and from a personal account, a licensee types a buyer's income and employer, taken from an application. The licensee says three people in a private chat are not the public, so confidentiality does not apply. Which statement matches this lesson?

a. The licensee is right. Confidentiality applies only when a post can be found in a public search.
b. Income and employer may be shared with any licensee, because other licensees are deemed to be the same client.
c. The disclosure can still breach confidentiality. Neither a private chat nor a personal account is an exception.
d. The chat complies if the three colleagues all work at brokerages that display a licensed name on their profile pages.

182. The licensing exam follows the course manual on how electronic brokerage records are kept and who can demand a printout. Which statement does the exam want?

a. The records must be convertible to paper at any time under rule 91, kept at least seven years under rule 92, and printed when the superintendent or an authorized person asks.
b. A cloud copy is enough even if nobody can print it on request, and the manual sets the retention period at one year.
c. The manual rejects electronic records. Only paper originals count, and a printout of an electronic file is never a record.
d. The manual cites its former rules on electronic records and on how long they are kept, and it says a printout is produced when the Council asks for one.

182′. A course-manual question asks who may require the brokerage to produce its electronic records in printed form. Which answer does the exam want?

a. The superintendent and any person the superintendent authorizes, under the current numbering of the record rules.
b. The Council, which is the body the course manual names as the one that can require the printout.
c. The privacy commissioner only, because a printout of a client file is solely a privacy-statute remedy.
d. Any member of the public who asks, because an electronic record becomes public as soon as it is stored.

Answers and option–by–option reasons

Chapter 1 answers and reasons

1 answer a

a. ✓ Correct. The doctrine of stare decisis is designed to ensure predictability in legal outcomes, but its application requires comparing key facts: if the material facts of an earlier case differ from the current case, the judge may distinguish the precedent and not be bound by it. Furthermore, appellate decisions from another province are merely persuasive to a British Columbia trial court and carry no binding authority.

b. ✗ Incorrect, falling into the rigid precedent and out–of–province binding authority trap. Provincial Court of Appeal decisions are binding only on lower courts within their own province and are merely persuasive to courts in other provinces. Only decisions of the Supreme Court of Canada bind courts nationwide.

c. ✗ Incorrect, falling into the rigid precedent trap by equating the mere existence of a precedent with its mandatory application, ignoring the judicial power to distinguish an earlier decision when material facts differ.

d. ✗ Incorrect, misconstruing the core mechanism of the common law. The doctrine of stare decisis is the foundation of predictability across the entire common law system, applying broadly to civil and commercial disputes rather than being restricted to federal criminal statutes.

1′ answer c

a. ✗ Incorrect, reversing the purpose of stare decisis and misstating the effect of foreign decisions. Stare decisis promotes certainty and predictability rather than arbitrary law–making, and judicial decisions from the United Kingdom or other common law jurisdictions carry no binding authority in Canadian courts.

b. ✗ Incorrect, confusing the hierarchy of statute law and common law. Judges determine first whether applicable statute law exists, and common law precedents cannot override valid provincial legislation.

c. ✓ Correct. The central purpose of stare decisis is to enable parties to predict the legal consequences of their actions through certainty and predictability. In the absence of Canadian precedent, a judge may consult decisions from the United Kingdom or other common law jurisdictions for persuasive guidance, but such decisions carry no binding effect unless adopted by a Canadian court.

d. ✗ Incorrect, falling into the rigid precedent trap. Judges must compare material facts and distinguish substantial differences rather than ignoring them, and the absence of Canadian precedent permits consulting persuasive foreign common law decisions rather than dismissing the action.

2 answer b

a. ✗ Incorrect, falling into the trap of treating equitable remedies as an automatic legal right. Specific performance is an equitable remedy rather than a common law remedy, and it is never an absolute entitlement granted simply upon request.

b. ✓ Correct. Specific performance is an equitable remedy granted at the court's discretion. Equity requires a party seeking relief to act within a reasonable time, and if a plaintiff delays unreasonably before suing, the court may refuse to grant equitable relief.

c. ✗ Incorrect, overlooking the merger of courts under the Judicature Acts of the 1870s. Common law courts and courts of equity were unified into a single court system, so a judge in British Columbia today can award both common law damages and equitable remedies in the same proceeding.

d. ✗ Incorrect, reversing the rule of conflict. Where common law rules and equitable principles conflict, equity prevails over the common law.

2′ answer a

a. ✓ Correct. A court order compelling a party to perform an act or refrain from doing something is an injunction. An order requiring an affirmative act, such as demolishing and removing an encroaching structure, is a mandatory injunction, which is a discretionary remedy originating from equity.

b. ✗ Incorrect, confusing legal concepts. Specific performance is an equitable remedy ordering a party to complete a contractual transaction, not a monetary award, nor does it originate from the common law.

c. ✗ Incorrect, ignoring equitable jurisdiction. While common law relief primarily consists of monetary damages, modern merged courts exercise equitable jurisdiction and can issue mandatory injunctions compelling a party to act.

d. ✗ Incorrect, misidentifying enforcement tools and assuming equitable remedies are mandatory. A garnishing order is a post–judgment monetary enforcement mechanism, whereas all equitable remedies are granted solely at the court's discretion.

3 answer c

a. ✗ Incorrect, reversing the hierarchy of statute law and common law. The most common role of statute law is to modify or supplement the common law, and judges must give effect to valid statutes first.

b. ✗ Incorrect, confusing the constitutional division of powers. Real estate transactions, contracts, and agency relationships fall under provincial jurisdiction over property and civil rights pursuant to the Constitution Act, 1867, making the Real Estate Services Act a valid provincial statute.

c. ✓ Correct. In resolving disputes, courts determine first whether an applicable statute governs the issue. While traditional common law imposed no licensing requirements on real estate agents, the provincial legislature enacted the Real Estate Services Act under its constitutional authority over property and civil rights, modifying the common law by creating mandatory licensing requirements.

d. ✗ Incorrect, misunderstanding the source and scope of municipal authority. Municipalities are not directly granted constitutional law–making powers under the Constitution Act, 1867; their bylaw authority over zoning and building permits is delegated by the province, whereas real estate licensing is governed province–wide by RESA.

3′ answer b

a. ✗ Incorrect, confusing unrelated legal concepts. The federal residual power belongs exclusively to Parliament, and the 1870s Judicature Acts merged common law and equity courts in England, having nothing to do with municipal delegation.

b. ✓ Correct. Although municipalities are not independently established by the Constitution Act, 1867, the province holds constitutional authority over property and civil rights and municipal institutions, delegating a portion of that authority to municipal councils to enact local bylaws such as zoning and building regulations.

c. ✗ Incorrect, confusing governmental jurisdictions. Zoning and building regulation are local matters administered by municipal bylaws under delegated provincial power, completely unrelated to federal criminal law.

d. ✗ Incorrect, treating enacted legislation as unwritten precedent. Municipal bylaws are a form of enacted statute law rather than unwritten common law customs dating back to 1066.

4 answer d

a. ✗ Incorrect, falling into the trap of assuming an appeal is a brand-new trial. Only Small Claims Court matters granted a rehearing by the Supreme Court of British Columbia involve a trial de novo; the BC Court of Appeal never treats an appeal as a fresh trial requiring witnesses to testify again.

b. ✗ Incorrect, ignoring monetary limits and court hierarchy. Small Claims Court is capped at $35,000, and claims exceeding that amount tried in the Supreme Court of British Columbia proceed to the Court of Appeal on legal issues rather than being transferred to Small Claims Court.

c. ✗ Incorrect, confusing appellate panel compositions and judicial functions. The BC Court of Appeal typically sits as a panel of 3 judges (or 5 for significant precedent reversals), whereas the Supreme Court of Canada sits with 5 to 9 judges; neither appellate body re-hears live witness testimony.

d. ✓ Correct. The British Columbia Court of Appeal sits as a panel of 3 judges (or 5 when overturning significant precedents) and decides by majority vote. Appellate courts do not re-hear witness testimony; they only determine whether the trial judge made an error in applying the law.

4′ answer b

a. ✗ Incorrect, citing the outdated pre-June 1, 2017 monetary limit. The monetary cap for Small Claims Court was increased from $25,000 to $35,000 on June 1, 2017, and remains at $35,000.

b. ✓ Correct. Small Claims Court has jurisdiction over claims of $35,000 or less, provided the cause of action arose within the registry's territorial boundaries or the defendant resides or carries on business there. If an actual claim exceeds $35,000, the claimant may choose to abandon the excess and limit the claim to $35,000 to proceed in Small Claims Court.

c. ✗ Incorrect, confusing Small Claims Court with unlimited forums. The Supreme Court of British Columbia and the CRT for strata disputes have no monetary ceiling, whereas Small Claims Court is strictly capped at $35,000 and cannot award amounts beyond that limit.

d. ✗ Incorrect on two points. Small Claims Court is subject to strict territorial jurisdiction limits, whereas the Supreme Court of British Columbia has province-wide territorial jurisdiction; furthermore, strata property disputes are heard by the CRT rather than Small Claims Court.

5 answer c

a. ✗ Incorrect, confusing monetary thresholds. Tribunal small claims under the CRT are capped at $5,000, but strata property claims are governed by the CRT with no monetary ceiling regardless of amount.

b. ✗ Incorrect, misdirecting jurisdiction and stating decisions are unchallengeable. The BC Human Rights Tribunal hears discrimination complaints rather than strata fee debts, and CRT decisions are subject to formal legal challenges.

c. ✓ Correct. The CRT has unlimited monetary jurisdiction over strata property claims. Under the (c)2020 course manual, a party dissatisfied with a CRT small claims decision can file a Notice of Objection to obtain a trial de novo in Provincial Small Claims Court. Note that current BC law abolished the Notice of Objection and trial de novo procedure effective July 1, 2022, requiring dissatisfied parties to apply to the Supreme Court of British Columbia for judicial review within 60 days.

d. ✗ Incorrect, misstating strata jurisdiction and accident claim limits. Strata property disputes fall under the CRT with no monetary limit, and the CRT cap for motor vehicle accident liability and damages is $50,000 rather than $35,000.

5′ answer a

a. ✓ Correct. The three core jurisdictional figures for the CRT are: tribunal small claims of $5,000 or less (mandatory jurisdiction), motor vehicle accident claims capped at $50,000 for liability and damages, and strata property claims with no monetary ceiling. Note that while current law specifies these monetary limits through cabinet regulation rather than the statutory text, the figures themselves, as verified in 2026, remain unchanged.

b. ✗ Incorrect, confusing monetary ceilings and including excluded claims. The $35,000 threshold applies to Small Claims Court rather than the CRT small claims limit ($5,000), and the CRT expressly lacks jurisdiction over defamation (libel and slander) actions.

c. ✗ Incorrect on two points. Independent Human Rights Code complaints are heard exclusively by the BC Human Rights Tribunal rather than the CRT, and strata property claims before the CRT carry no monetary cap.

d. ✗ Incorrect, including matters excluded from CRT authority. The CRT cannot resolve constitutional challenges or claims where the provincial government is named as a defendant, and the monetary limit for CRT small debts is $5,000 rather than $25,000.

6 answer b

a. ✗ Incorrect, falling into the trap of confusing limitation start dates. The 2–year basic limitation period runs from the date of discovery rather than the date of the act or omission; the 15–year ultimate limitation period runs from the date the act or omission occurred.

b. ✓ Correct. Under the Limitation Act, the 2–year basic limitation period runs from the date of discovery, while the 15–year ultimate limitation period runs from the date the act or omission took place. If the defendant acknowledges liability through partial payment or written confirmation, both the basic and ultimate limitation periods restart from the date of acknowledgment.

c. ✗ Incorrect, using the pre–2013 30–year limitation period and misstating the effect of acknowledgment. The ultimate limitation period under current law is 15 years rather than 30 years, and a written acknowledgment restarts both the 2–year basic and 15–year ultimate limitation periods.

d. ✗ Incorrect, fabricating a procedural prerequisite. The Limitation Act is the standard statute of limitations across the province applying the 2–year and 15–year rules; the 60–day deadline applies to filing a judicial review of a CRT decision rather than civil construction claims.

6′ answer d

a. ✗ Incorrect, falling into the trap of confusing limitation periods. The 2–year period measured from discovery is the basic limitation period, not the ultimate limitation period.

b. ✗ Incorrect, relying on the pre–2013 statute. The Limitation Act that came into force on June 1, 2013, substantially reduced the ultimate limitation period from 30 years to 15 years.

c. ✗ Incorrect, confusing the CRT judicial review window. The 60–day period is the statutory deadline to apply to the Supreme Court of British Columbia for judicial review of a CRT decision, not a limitation period under the Limitation Act.

d. ✓ Correct. Under the Limitation Act, the ultimate limitation period is 15 years, measured from the date on which the act or omission took place.

7 answer a

a. ✓ Correct. The Human Rights Code expressly includes lawful source of income as a protected ground in tenancy under section 10, meaning refusing an applicant whose rent is paid through social or disability assistance constitutes discrimination. Furthermore, section 2 provides that proof of subjective intent is not required, and independent complaints are heard by the BC Human Rights Tribunal. Note that amendments effective November 25, 2021, added Indigenous identity to the current list of protected grounds, which was not yet included in the (c)2020 course manual.
b. ✗ Incorrect, assuming subjective malice is required. Section 2 of the Human Rights Code explicitly states that establishing discrimination does not require proof of discriminatory intent.
c. ✗ Incorrect, reversing statutory provisions. Lawful source of income is specifically added as a protected ground in residential tenancy under section 10, distinguishing it from general accommodation or real estate purchase provisions.
d. ✗ Incorrect, directing human rights complaints to the CRT. The CRT does not handle independent complaints under the Human Rights Code; such matters must be filed with the BC Human Rights Tribunal.

7′ answer c

a. ✗ Incorrect, reversing legislative changes. Bill 18, enacted on November 25, 2021, added rather than removed Indigenous identity as a protected ground, and lawful source of income was already protected in tenancy.
b. ✗ Incorrect, narrowing the statutory application. The 2021 amendment added Indigenous identity across virtually all operative sections of the Human Rights Code, including accommodation, real estate purchases, tenancy, publications, and employment.
c. ✓ Correct. Indigenous identity is absent from the (c)2020 course manual because it was enacted under Bill 18 on November 25, 2021. An exam question verbatim from the older course text will omit it, but actual real estate practice requires full compliance with Indigenous identity as a statutory protected ground.
d. ✗ Incorrect on two points. The Human Rights Code is modern statute law rather than 1066 common law, and discrimination complaints are adjudicated by the BC Human Rights Tribunal rather than Small Claims Court.

Chapter 2 answers and reasons

8 answer a

a. ✓ Correct. The Real Estate Services Act (RESA) establishes who must be licensed, how licences are issued, and penalties for contraventions; the Real Estate Services Rules (B.C. Reg. 209/2021), enacted under RESA s. 89.2, govern practice conduct including disclosures, trust accounts, advertising, and agency relationships.
b. ✗ Incorrect. This is a regulatory hierarchy confusion trap. REDMA governs developers' disclosure statements and buyer rescission rights for pre-sale development units; it does not govern licensing requirements, which are governed by RESA.
c. ✗ Incorrect. This is an outdated rules trap. Effective August 1, 2021, the former Council Rules were replaced by the renumbered Real Estate Services Rules (B.C. Reg. 209/2021); furthermore, licensing authority derives from RESA, and trust accounts are governed by the Rules rather than REDMA.
d. ✗ Incorrect. This is a fabricated statute pairing trap. The Finance Statutes Amendment Act, 2021 was the statute consolidating the regulators, while the repealed Real Estate Act was replaced by RESA in early 2005.

8′ answer c

a. ✗ Incorrect. This is a regulatory hierarchy confusion trap. RESA governs licensing requirements, licence issuance, and disciplinary penalties for real estate services, rather than developer disclosure statements and rescission rights for pre-sale units.

b. ✗ Incorrect. This is a regulatory hierarchy confusion trap. The Real Estate Services Rules govern practice standards for licensees, such as disclosures, trust accounts, advertising, and agency relationships.

c. ✓ Correct. The Real Estate Development Marketing Act (REDMA) specifically governs developer disclosure obligations and statutory buyer rescission rights when marketing development units such as pre-sale strata lots.

d. ✗ Incorrect. This is a regulatory hierarchy confusion trap. That statute served as the legislative mechanism merging RECBC and OSRE into BCFSA in 2021; it does not govern developer pre-sale marketing.

9 answer b

a. ✗ Incorrect. This is an outdated entity name trap. RECBC was dissolved and OSRE was merged into BCFSA; although pre-2021 exam materials described them as separate bodies, neither exists as an independent entity since August 1, 2021.

b. ✓ Correct. Under the Finance Statutes Amendment Act, 2021, RECBC was dissolved and OSRE merged into BCFSA effective August 1, 2021. Although older course materials mention RECBC and OSRE, licensing, rulemaking, complaint investigations, and discipline are now handled exclusively by BCFSA.

c. ✗ Incorrect. This is a mismatched public protection entities trap. The Real Estate Foundation funds research and public projects, and the E&O Insurance Corporation provides liability insurance; neither possesses licensing or disciplinary authority.

d. ✗ Incorrect. This is a mismatched public protection entities trap. The Real Estate Compensation Fund Corporation only compensates losses resulting from a licensee's misappropriation of trust funds; it does not issue licences or investigate general complaints.

9′ answer a

a. ✓ Correct. The regulatory merger responded to criticisms of fragmented oversight following the Cullen anti-money-laundering inquiry and shadow flipping controversies, consolidating the former RECBC and OSRE into a single regulator, BCFSA (older exam references to RECBC and OSRE serve as historical context).

b. ✗ Incorrect. This is a fabricated institutional responsibilities trap. Licensing courses and exams continue to be administered by UBC Sauder Real Estate Division, not transferred to the Real Estate Foundation, which funds public interest initiatives and research.

c. ✗ Incorrect. This is a fabricated public protection mechanism trap. Mandatory E&O insurance and brokerage trust account segregation remain fully operational under the current framework.

d. ✗ Incorrect. This is a jurisdictional allocation confusion trap. OSRE's former rulemaking and unlicensed practice enforcement powers were integrated into BCFSA, not delegated to individual managing brokers.

10 answer c

a. ✗ Incorrect. This is an independent practice misconception trap. Under the RESA licensing framework, every licensee—whether a representative, associate broker, or managing broker—must be licensed in relation to a licensed brokerage and cannot operate independently.

b. ✗ Incorrect. This is a licence category conflation trap. RESA divides licensed real estate services into three distinct categories (Trading Services, Rental Property Management Services, and Strata Management Services); a Trading Services licence does not authorize strata management activities.

c. ✓ Correct. RESA requires that every licensee be engaged by and licensed in relation to a licensed brokerage. Furthermore, real estate services are divided into three distinct categories (Trading Services, Rental Property Management Services, and Strata Management Services), and a licensee cannot provide services outside their licensed category.

d. ✗ Incorrect. This is a licence level misconception trap. An associate broker is an individual licence level that still requires licensing in relation to a licensed brokerage.

10′ answer b

a. ✗ Incorrect. This is a category and course stream confusion trap. Residential and Commercial are training streams within the Applied Practice Course, whereas the statute establishes three statutory categories rather than two.

b. ✓ Correct. RESA organizes licences into three categories (Trading Services, Rental Property Management Services, Strata Management Services), each with three individual levels: representative, associate broker, and managing broker. All licensees must be engaged by a licensed brokerage.

c. ✗ Incorrect. This is a fabricated licence categories trap. There are only three categories under RESA, and associate brokers must remain licensed in relation to a brokerage.

d. ✗ Incorrect. This is an inversion trap. Trading, Rental, and Strata are the three licence categories, whereas Representative, Associate Broker, and Managing Broker are the three individual levels within each category.

11 answer c

a. ✗ Incorrect. This is a dual pass mark and application window confusion trap. The exam passing grade is 70% (60% is a failing score), and the deadline to apply for a licence after passing is within 1 year, not 2 years.

b. ✗ Incorrect. This is a course repeat trigger confusion trap. The rules mandate repeating the course only after failing twice consecutively; a first failure does not require repeating the course.

c. ✓ Correct. The passing grade is 70%; the examination must be written within 2 years of completing course assignments (Rules ss. 8, 9); a candidate must wait at least 90 days before rewriting after a failure, and must repeat the course after failing twice consecutively.

d. ✗ Incorrect. This is an exam and application timeline confusion trap. Seven days is the REDMA rescission period, not a rewrite waiting period (rewrites require at least 90 days); additionally, licence applications must be submitted within 1 year of passing, and writing a supplemental exam does not extend this 1–year window.

11′ answer a

a. ✓ Correct. Under current rules (Rules ss. 9(1)(c), 14 and BCFSA guidelines), a residential trading services applicant must complete Parts 1 and 2 of the Applied Practice Course, be at least 19 years old, provide a criminal record check with bankruptcy/disciplinary history disclosures, and apply to BCFSA through an engaging brokerage within 1 year of passing the exam (supplemental exams do not extend this 1–year window).

b. ✗ Incorrect. This is an exam and licensing timeline confusion trap. The application window is within 1 year of passing the exam (2 years is the deadline to write the exam after finishing course assignments); Parts 1 and 2 of the Applied Practice Course must be completed before applying, with remaining components completed within 6 months after licensing.

c. ✗ Incorrect. This is a licensing authority and validity period confusion trap. Licences are applied for through an engaging brokerage to BCFSA (not UBC Sauder), and each licence term is 2 years rather than 3 years.

d. ✗ Incorrect. This is an exam and licensing timeline confusion trap. A supplemental exam does not extend the 1–year application window after passing; furthermore, only commercial stream applicants complete solely Part 1 before applying, while residential stream applicants must complete Parts 1 and 2.

12 answer c

a. ✗ Incorrect. This is a mismatched public protection entities trap. The Real Estate Errors and Omissions Insurance Corporation covers claims arising from professional errors and omissions; it does not compensate for intentional misappropriation of trust funds.

b. ✗ Incorrect. This is a mismatched public protection entities trap. The mandate of the Real Estate Foundation of British Columbia is real estate research and public interest funding; it does not compensate client financial losses.

c. ✓ Correct. The Real Estate Compensation Fund Corporation is one of the four pillars of public protection, specifically established to compensate individuals for losses resulting from a licensee's misappropriation of trust funds.

d. ✗ Incorrect. This is an outdated entity name trap. OSRE no longer exists as an independent office (powers merged into BCFSA), and the regulatory authority does not act as a compensation fund for trust misappropriation.

12′ answer d

a. ✗ Incorrect. This is an institutional status inversion trap. The Real Estate Foundation of British Columbia operates as normal, while the Superintendent of Real Estate no longer exists as an independent office and its powers are exercised within BCFSA.

b. ✗ Incorrect. This is an institutional status error trap. Both the E&O Insurance Corporation and the Real Estate Compensation Fund Corporation continue to exist and operate normally under the current framework.

c. ✗ Incorrect. This is a fabricated trust account rules trap. Trust accounts remain one of the four pillars of public protection; client funds must be deposited into brokerage trust accounts and kept strictly segregated from brokerage operating funds.

d. ✓ Correct. The four pillars of public protection (BCFSA licensing screening, trust account segregation, mandatory E&O insurance, Compensation Fund) remain enduring, the Real Estate Foundation continues its research and public grants, and the former independent OSRE powers are now exercised internally within BCFSA.

13 answer a

a. ✓ Correct. Under current RESA ss. 43(2)(i)(j) and 43(2.1), maximum disciplinary penalties per contravention are up to $250,000 for an individual licensee and up to $500,000 for a brokerage, assessable separately for each contravention alongside forfeiture of remuneration (note: lower penalty figures in older course materials are obsolete).

b. ✗ Incorrect. This is a disciplinary penalty and administrative penalty conflation trap. The amount of $100,000 is the statutory maximum for a single administrative penalty under RESA s. 56(2), not a disciplinary penalty limit.

c. ✗ Incorrect. This is a penalty subject inversion trap. This option reverses the individual maximum ($250,000) and the brokerage maximum ($500,000).

d. ✗ Incorrect. This is a disciplinary penalty and administrative penalty conflation trap. Disciplinary penalties carry maximums of $250,000 for individuals and $500,000 for brokerages per contravention, may be imposed for each contravention, and can be ordered alongside forfeiture of remuneration.

13′ answer d

a. ✗ Incorrect. This is an outdated entity name trap. RECBC was dissolved on August 1, 2021; the entire regulatory process of complaints, investigations, hearings, and orders (including reprimands, conditions, suspensions, and cancellations) is administered by BCFSA.

b. ✗ Incorrect. This is an oversight trap regarding per–contravention penalties. RESA explicitly provides that maximum disciplinary penalties of $250,000 for an individual and $500,000 for a brokerage apply per contravention and may be assessed separately for each violation.

c. ✗ Incorrect. This is a disciplinary penalty and administrative penalty conflation trap. The statutory maximum for an administrative penalty under RESA s. 56(2) is $100,000; $500,000 is the brokerage disciplinary penalty ceiling.

d. ✓ Correct. Under the current RESA framework, BCFSA oversees complaints, investigations, hearings, and orders. Remedies include reprimands, licence conditions, suspensions, and cancellations; disciplinary fines reach up to $250,000 per individual and $500,000 per brokerage per contravention (with forfeiture of remuneration), and administrative penalties reach up to $100,000 per penalty (categorized under Rules A through F; older figures are obsolete).

14 answer d

a. ✗ Incorrect. This is an earlier–date selection trap. Under section 21(2) of REDMA, the 7–day rescission period runs from the later of the agreement date and the date the developer receives the buyer's written acknowledgment of having had an opportunity to read the disclosure statement (the later date, Day 3), rather than the earlier Day 1.

b. ✗ Incorrect. This is a REDMA and HBRP rescission rights confusion trap. The 3–business–day period and 0.25% fee belong to the Home Buyer Rescission Period (HBRP) effective January 3, 2023, which applies to residential resales, not to developer pre–sales under REDMA.

c. ✗ Incorrect. This is a timeline and notice recipient confusion trap. The REDMA rescission window is 7 days (90 days is the exam rewrite waiting period), and written notice must be served on the developer rather than BCFSA.

d. ✓ Correct. Under section 21(2) of REDMA, a buyer has a statutory right of rescission: within 7 days counted from the later of the date the purchase agreement was entered into (Day 3) and the date the developer received written acknowledgment of having had an opportunity to read the disclosure statement (Day 1)—namely Day 3—by serving written notice on the developer.

14′ answer b

a. ✗ Incorrect. This is a REDMA and HBRP rescission rights confusion trap. Developer sales of development units (including strata lots, cooperative shares, time shares, and shared interests) are governed by the 7-day unconditional rescission right under REDMA, not the 3-business-day HBRP cooling-off period for residential resales.

b. ✓ Correct. Under section 21(2) of REDMA, the buyer may rescind the contract by serving written notice on the developer within 7 days counted from the later of the date the agreement was entered into (Day 1) and the date the developer received written acknowledgment of having had an opportunity to read the disclosure statement (Day 2)—namely Day 2.

c. ✗ Incorrect. This is an earlier-date selection trap. REDMA specifies that the rescission period begins on the later of the agreement date and the acknowledgment date; here Day 2 is later than Day 1, so the period must be counted from Day 2.

d. ✗ Incorrect. This is a scope of application misconception trap. REDMA explicitly applies to development units marketed to the public by developers, including strata lots, cooperative interests, time shares, and shared interests in land.

Chapter 3 answers and reasons

15 answer a

a. ✓ Correct. When a life tenant transfers their interest to another person, the transferee receives an estate pur autre vie measured by the lifetime of the original life tenant (Evelyn); upon Evelyn's death, Diana's estate automatically terminates. Regarding expense allocation, the life tenant is responsible for annual operating expenses (utilities, property taxes) and mortgage interest (excluding principal), while the remainderman (Marcus) is responsible for paying mortgage principal and insurance premiums to protect their future estate.

b. ✗ Incorrect. This falls into the double trap of assuming a transfer resets the duration to the transferee's life and that the resident must cover all mortgage payments: a life tenant cannot transfer a greater interest than they possess, so duration remains measured by Evelyn's life (estate pur autre vie); furthermore, mortgage principal is paid by the remainderman, while property taxes are paid by the life tenant.

c. ✗ Incorrect. Although it correctly identifies an estate pur autre vie measured by Evelyn's life, it reverses the expense obligations between the life tenant and the remainderman: current operating expenses and mortgage interest belong to the life tenant, whereas mortgage principal and insurance belong to the remainderman.

d. ✗ Incorrect. A life estate is a freehold estate that can be transferred during the life tenant's lifetime to become an estate pur autre vie; the transfer itself does not automatically extinguish the life estate.

15′ answer b

a. ✗ Incorrect. This falls into the intuitive trap of assuming that whoever collects rent must pay all principal, interest, and insurance: although the life tenant collects all rental income, they are only responsible for annual operating expenses (utilities, property taxes) and mortgage interest, while mortgage principal and insurance premiums are paid by the reversioner.

b. ✓ Correct. A life tenant enjoys the right to possess, use, and collect all revenues during their lifetime, with the corresponding obligation to pay annual operating expenses (utilities, property taxes) and mortgage interest (excluding principal); the reversioner (Arthur) is responsible for paying mortgage principal and insurance premiums to protect their future complete fee simple estate.

c. ✗ Incorrect. Although the life estate is registered as a charge against the fee simple title, possession and revenues belong to the life tenant Clara; therefore, routine utilities and property taxes are paid by the life tenant, not the reversioner.

d. ✗ Incorrect. A life tenant owes an obligation not to commit waste; intentionally demolishing a building constitutes voluntary waste, for which the life tenant is liable in damages to the reversioner.

16 answer d

a. ✗ Incorrect. This is the common trap of assuming registration alone makes any covenant run with the land. For a restrictive covenant to run with the land, it must satisfy five essential requirements, the first being that the covenant must be negative in nature; a positive covenant requiring the expenditure of money or performance of work does not run with the land even if registered.

b. ✗ Incorrect. Once a negative restrictive covenant satisfying the five essential requirements (Clause I) is registered under BC's Torrens system, registration constitutes notice to subsequent purchasers and it runs with the land without requiring a new assumption agreement.

c. ✗ Incorrect. Although benefiting the dominant tenement is one of the requirements, Clause II requires the owner to perform an affirmative act (paying money to repaint a fence), which is a positive covenant; this violates the primary condition that a covenant must be negative in nature, so it cannot bind subsequent purchasers.

d. ✓ Correct. The primary requirement for a restrictive covenant to run with the land is that it must be negative in nature—the owner complies simply by refraining from doing something (such as not operating a commercial business); a covenant requiring someone to perform an affirmative act or pay money is a positive covenant, which binds only the original contracting parties and does not run with the land to bind subsequent purchasers.

16′ answer c

a. ✗ Incorrect. Planting and maintaining a hedge requires an owner to take affirmative action, making it a positive covenant; even if it benefits Parcel B, it does not run with the land to bind subsequent purchasers.

b. ✗ Incorrect. While registration satisfies the fifth requirement of notice to subsequent purchasers, it cannot convert a positive covenant into a restrictive covenant that runs with the land.

c. ✓ Correct. A restrictive covenant must satisfy five essential requirements to run with the land, the first being that it must be negative in nature (refraining from an act, such as not building higher than one storey); requiring annual tree planting and maintenance is a positive covenant, which does not run with the land.

d. ✗ Incorrect. An individual restrictive covenant requires only two parcels (a dominant tenement and a servient tenement) to be valid; it does not require a statutory building scheme involving multiple subdivided lots.

17 answer b

a. ✗ Incorrect. This falls into the trap of assuming an easement can never exist without a dominant tenement, overlooking the statutory right of way exception under section 218 of the Land Title Act.

b. ✓ Correct. A common law easement requires both a dominant tenement and a servient tenement and must accommodate the dominant tenement itself; Arrangement 2 has no dominant tenement (an easement in gross) and merely accommodates an individual, so it is only a personal licence. However, Arrangement 1 qualifies under section 218 of the Land Title Act as a statutory right of way, which allows the Crown, municipalities, or designated entities to create an easement without a dominant tenement.

c. ✗ Incorrect. Running municipal water pipes is a statutory right of way, not a profit a prendre (which involves severing and taking products of the soil); furthermore, Arrangement 2 lacks a dominant tenement and cannot be a valid common law easement.

d. ✗ Incorrect. Clear boundaries represent only the third requirement for an easement; private Arrangement 2 neither has a dominant tenement nor accommodates any land, so it cannot become an easement running with the land.

17′ answer d

a. ✗ Incorrect. Both assertions are traps: although the neighbour owns an adjacent lot, playing tennis merely accommodates the neighbour personally rather than benefiting the dominant land, so it is not an easement; conversely, a utility transmission line is a statutory right of way that does not require a dominant tenement by statute.

b. ✗ Incorrect. The private tennis court arrangement is merely a personal contractual licence that does not satisfy the second requirement of an easement (it must accommodate the dominant tenement rather than merely accommodating the individual), so it does not bind the new purchaser.

c. ✗ Incorrect. An easement never requires improving the agricultural productivity of the servient tenement; furthermore, a registered statutory right of way fully binds a subsequent purchaser.

d. ✓ Correct. Under section 218 of the Land Title Act, a statutory right of way can be validly registered and run with the land without a dominant tenement; in contrast, the second requirement of an easement is that it must accommodate the dominant tenement itself rather than merely conferring personal convenience on an individual, so playing tennis on weekends is only a licence and does not bind the new purchaser.

18 answer d

a. ✗ Incorrect. Both conclusions are wrong: an unregistered lease of three years or less where the tenant is in actual occupation is protected under section 23(2)(d) of the Land Title Act and binds the purchaser; furthermore, the natural right of support protects the land only, not buildings erected on it.

b. ✗ Incorrect. Torrens indefeasibility contains explicit statutory exceptions, one of which is an unregistered short-term lease of three years or less with actual occupation; additionally, lateral support between adjacent parcels is distinct from subsurface mineral licences.

c. ✗ Incorrect. While it correctly identifies that the unregistered two-year lease is binding, it wrongly assumes that the natural right of support automatically guarantees support for buildings—protecting structures requires an express easement for support.

d. ✓ Correct. First, section 23(2)(d) of the Land Title Act provides that indefeasibility does not defeat a lease for a term not exceeding three years where the tenant is in actual occupation, so the two-year lease binds the purchaser; second, the natural right of lateral and subjacent support between adjoining lands protects the soil in its natural state only, not buildings on it, so protecting a building requires a separate easement of support.

18′ answer a

a. ✓ Correct. Under section 23(2)(d) of the Land Title Act, indefeasibility does not override an unregistered lease for a term of three years or less where the tenant is in actual occupation; simultaneously, the natural right of lateral support between adjoining lands protects the land only, not buildings erected upon it (protecting a building requires an express support easement).

b. ✗ Incorrect. An unregistered lease of three years or less with actual occupation is a statutory exception to indefeasibility and remains valid against the purchaser; meanwhile, buildings are not automatically protected by the natural right of support.

c. ✗ Incorrect. The statutory threshold is reversed: protection applies to an unregistered lease for a term not exceeding three years with actual occupation; furthermore, natural support does not extend to buildings.

d. ✗ Incorrect. Both the unregistered short-term lease with actual occupation and the natural right of support for the land remain effective after the transfer is registered.

19 answer c

a. ✗ Incorrect. This considers physical affixation alone without examining the object of annexation: the welded equipment was attached solely to steady it for use rather than improve the land, making it a chattel; conversely, while the stone sculpture rests by its own weight and is initially presumed to be a chattel, the original owner placed it as the permanent centrepiece of the garden design, proving an intention that it form part of the land and rebutting the presumption.

b. ✗ Incorrect. When the contract is silent, fixtures automatically pass with the real property to the buyer by operation of law, and the seller has no right to remove them.

c. ✓ Correct. Under the two-step test: (1) an article resting solely by its own weight with no other affixation is presumed to be a chattel unless circumstances show it was intended to form part of the land—here the sculpture was placed as the permanent centrepiece of the landscape design, making it a fixture; (2) an affixed article is presumed to be a fixture, but under the better use test, welding the livestock equipment served only to steady the equipment itself rather than improve the land, classifying it as a chattel.

d. ✗ Incorrect. Outdoor items do not automatically become fixtures; they must still be evaluated under the two-step test assessing the degree and object of annexation (the better use test).

19′ answer b

a. ✗ Incorrect. This reverses the first-step presumption: an article resting on the land solely by its own weight is initially presumed to be a chattel, not a fixture.

b. ✓ Correct. The rules of the two-step test state: (1) articles resting solely by their own weight with no other affixation are presumed to be chattels (unless evidence shows they were intended to form part of the land); (2) articles even slightly affixed are initially presumed to be fixtures, unless it can be shown that the object of annexation (better use test) was for the better use and enjoyment of the article itself as a chattel rather than to improve the land.

c. ✗ Incorrect. The presumption of a fixture arising from slight affixation or welding is rebuttable; courts examine the objective intention of affixation through the better use test.

d. ✗ Incorrect. Courts determine the intention of affixation by examining the degree of attachment and the objectively visible better use test, rather than relying on secret subjective intentions of the seller unstated in the contract.

20 answer c

a. ✗ Incorrect. Both parts hit core traps: first, section 11 of the Property Law Act provides that when an instrument is silent, the statutory presumption is a tenancy in common, not a joint tenancy; second, a joint tenant can unilaterally transfer their interest without the consent or knowledge of the other joint tenants.

b. ✗ Incorrect. While Situation 1 correctly identifies the statutory presumption of tenancy in common, Situation 2 makes the error of assuming severance by one joint tenant severs the entire co-ownership: when one of three joint tenants unilaterally transfers their share, severance occurs only as to that transferred share, while the remaining co-owners (Mia and Zoe) continue as joint tenants between themselves.

c. ✓ Correct. Situation 1: Under section 11 of the Property Law Act, a transfer to two or more persons (other than personal representatives or trustees) without expressing a contrary intention is presumed to create a tenancy in common in equal shares. Situation 2: Any joint tenant can unilaterally sell, mortgage, or dispose of their interest during their lifetime without the consent or knowledge of the other joint tenants; such a disposition operates as a severance, so the transferee Leo holds that share as a tenant in common, while the remaining joint tenants Mia and Zoe remain joint tenants between themselves.

d. ✗ Incorrect. The defining feature of a joint tenancy is the right of survivorship; a joint tenant cannot dispose of or sever a joint tenancy interest by will. Ava completed a severance during her lifetime by selling her interest, so that share passed to the buyer Leo and did not form part of her estate under the will.

20′ answer a

a. ✓ Correct. Under section 11 of the Property Law Act, where an instrument does not express a contrary intention, the statutory presumption is a tenancy in common in equal shares; in contrast, in a joint tenancy, the right of survivorship dictates that upon the death of one joint tenant, their interest vests automatically in the surviving joint tenant and cannot be disposed of by will.

b. ✗ Incorrect. Both conclusions are reversed: the statutory presumption is tenancy in common rather than joint tenancy; furthermore, a joint tenancy interest cannot be disposed of by will.

c. ✗ Incorrect. Executing a will does not sever a joint tenancy; a joint tenant must sever the joint tenancy during their lifetime through sale, mortgage, agreement, or court application, otherwise the right of survivorship automatically vests the interest in the surviving joint tenant upon death.

d. ✗ Incorrect. Both properties have lawful co-owners, so the doctrine of escheat (applicable only where an owner dies intestate without legal heirs) does not apply.

21 answer d

a. ✗ Incorrect. The exam syllabus explicitly states that Aboriginal title is not an estate in land and cannot be freely alienated like fee simple; furthermore, in practice a licensee must never give absolute assurances to a buyer that a title certificate removes all risk when dealing with sensitive lands.

b. ✗ Incorrect. Under the exam standard, a Torrens certificate of title is indefeasible and serves as conclusive evidence of fee simple ownership against the Crown and all others; furthermore, a licensee must not draft complex title indemnity clauses and should refer the client to a property lawyer.

c. ✗ Incorrect. Aboriginal title is not a leasehold estate; 18 months was the suspension period granted by the court in the Cowichan decision regarding declarations of invalidity for certain Crown-held fee simple interests, and that decision is currently under appeal.

d. ✓ Correct. Under the exam standard, Aboriginal title is not an estate in land, cannot be freely transferred like fee simple, and a certificate of title under the Land Title Act is indefeasible; in current practice, 2025 BCSC 1490 (under appeal) held that Aboriginal title and fee simple can coexist and neither is absolute, so for this sensitive $450,000 waterfront parcel, the proper action is to advise the buyer to retain a property lawyer during due diligence.

21′ answer b

a. ✗ Incorrect. Neither the exam syllabus nor current case law supports these statements: the exam syllabus treats a certificate of title as indefeasible, while the 2025 decision explicitly rejected the argument that granting fee simple automatically extinguished Aboriginal title.

b. ✓ Correct. Under the exam standard, a certificate of title is conclusive and Aboriginal title is not an estate in land; in current practice, Cowichan Tribes v. Canada (2025 BCSC 1490, under appeal) held that Aboriginal title and fee simple can coexist and neither is absolute, requiring reconciliation on a case-by-case basis when they overlap.

c. ✗ Incorrect. A profit a prendre is a right to enter land and take products of the soil, and section 218 governs statutory rights of way without a dominant tenement, neither of which describes Aboriginal title; the exam syllabus states only that Aboriginal title is not an estate.

d. ✗ Incorrect. The Declaration on the Rights of Indigenous Peoples Act (DRIPA) mandates that BC progressively align provincial laws with the UN Declaration, but it does not directly regulate individual title transfer registrations, nor does it impose ministerial approval on residential or strata sales.

Chapter 4 answers and reasons

22 answer a

a. ✓ Correct. Under section 73 of the Land Title Act, no person may subdivide land into smaller parcels to grant a lease exceeding three years (including a lease for life) without Part 7 approval (therefore Lease Y for a portion of the parking lot land requires subdivision approval); however, section 73(3) provides that a subdivision does not include a division of land to lease a building or part of a building, so the eight-year retail shop Lease X is exempt from subdivision approval.

b. ✗ Incorrect. Falls into the 'confusing the three-year and ten-year lease thresholds' trap: the ten-year threshold is the trigger for transparency filings under the Land Owner Transparency Act (LOTA), whereas the statutory threshold prohibiting unapproved subdivision of land for leases under section 73 of the Land Title Act is three years.

c. ✗ Incorrect. Overlooks the critical exception in section 73(3): leasing a building or part of a building does not constitute a subdivision, meaning a building can be leased to multiple long-term tenants without first obtaining subdivision approval.

d. ✗ Incorrect. Confuses zoning with subdivision: permitted uses or density under local government zoning bylaws operate under the Local Government Act and do not override the subdivision prohibition or the requirement for approving officer approval under section 73 of the Land Title Act.

22′ answer b

a. ✗ Incorrect. The upper floor of the farmhouse constitutes part of a building and is exempt from subdivision approval under section 73(3).

b. ✓ Correct. Under section 73 of the Land Title Act, dividing land to grant a lease exceeding three years (including a lease for life) requires Part 7 subdivision approval; however, under section 73(3), leasing part of a building (the upper floor of the farmhouse) does not constitute a subdivision.

c. ✗ Incorrect. Section 73 explicitly includes leases of part of a parcel exceeding three years (including a lease for life) within the statutory subdivision prohibition.

d. ✗ Incorrect. Inverts the rules: leasing a subdivided portion of private agricultural land for more than three years is governed by section 73, whereas dividing space inside a building is exempt under section 73(3).

23 answer b

a. ✗ Incorrect. Falls into the 'treating bare land strata roads as municipal roads' trap: only roads shown on a conventional subdivision plan vest in the Crown under section 107 and are maintained by public authorities, whereas internal roads in a bare land strata plan are common property.

b. ✓ Correct. Roads in a conventional subdivision are dedicated to the public and maintained by public authorities with no strata governance; bare land strata subdivides land where internal roads are common property, with maintenance and snow removal costs shared among all owners based on unit entitlement, and regulations require the plan to be explicitly designated as a bare land strata plan beside the approving officer signature.

c. ✗ Incorrect. Even though a bare land strata subdivides land rather than building space, it is still governed by a strata corporation, bylaws, and a contingency reserve fund.

d. ✗ Incorrect. Under section 68(4) of the Strata Property Act, boundaries of bare land strata lots are determined by survey markers established by a land surveyor rather than the centre line of walls.

23′ answer c

a. ✗ Incorrect. The section 107 dedication of roads to the public applies to the parts of a conventional subdivision plan that are shown as road; it does not apply to the common internal roads of a bare land strata.

b. ✗ Incorrect. The cost of repairing common property is shared by all strata lot owners according to unit entitlement, not only by the owners whose driveways touch the main road.

c. ✓ Correct. In a bare land strata, the internal roadway and drainage system are common property, and repair costs are shared by all owners; the licensee should explain this distinction clearly and remind the buyer to review the strata corporation's reserve fund study and recent resolutions.

d. ✗ Incorrect. This confuses a bare land strata (a strata title created by dividing land) with a leasehold strata (where the occupant holds a leasehold interest).

24 answer c

a. ✗ Incorrect. Falls into two traps simultaneously: first, charges (such as mortgages) do not enjoy indefeasibility under section 26; second, the cousin acquired the lot by way of gift without paying fair market valuable consideration, and therefore cannot protect title under section 25.1.

b. ✗ Incorrect. The first half is correct, but the second half falls into the 'treating charges as indefeasible titles' trap: under section 26 and Gill v. Bucholtz, a mortgage granted following a forged transfer is cancelled when the true owner recovers title, even if the bank acted innocently and advanced funds.

c. ✓ Correct. Under section 25.1(2), only a good-faith transferee of an estate in fee simple who pays valuable consideration that is fair market value under a void instrument is protected; a gift or nominal consideration of one dollar does not qualify. Furthermore, under section 26 and Gill v. Bucholtz (2009), registration of a charge provides only a rebuttable presumption and does not confer indefeasibility; the mortgage is cancelled when title is restored to the true owner, and the lender cannot claim against the assurance fund.

d. ✗ Incorrect. The cousin cannot retain title because he paid no valuable consideration; the bank mortgage is a charge that was void at common law, so the lender was not deprived of an estate or interest by the operation of the Land Title Act and cannot claim against the assurance fund.

24′ answer a

a. ✓ Correct. The rogue who participated in fraud receives no protection under the section 23(2)(i) exception, but an innocent buyer who pays fair market valuable consideration acquires indefeasible title upon registration under section 25.1(2); the original owner deprived of land may claim against the assurance fund within 3 years of discovering the deprivation (section 294.2(7)), with recovery capped at the value of the land at the time of deprivation excluding subsequent improvements (section 294.61).

b. ✗ Incorrect. The principle nemo dat quod non habet (a void deed invalidates all subsequent transfers in the chain) was the fundamental flaw of the common law conveyancing system, which the Torrens system specifically remedies by protecting bona fide purchasers for valuable consideration under sections 23 and 25.1.

c. ✗ Incorrect. Under section 294.61, assurance fund compensation cannot exceed the value of the land at the time the deprivation occurred and excludes any buildings or improvements erected or made after the deprivation.

d. ✗ Incorrect. The valuable consideration required by section 25.1 must be fair market value at the time of the transaction; nominal consideration of one dollar or a gift cannot protect title under this section.

25 answer d

a. ✗ Incorrect. Overlooks the explicit exclusion in section 20(3): a lease not exceeding three years where there is actual occupation is not subject to the section 20(1) rule that unregistered interests do not pass an estate.

b. ✗ Incorrect. The principle that unregistered transfers are effective only between the original parties applies to fee simple transfers or leases exceeding three years; where a tenant has actual occupation under a lease not exceeding three years, the lease is not void and is enforceable against the new owner.

c. ✗ Incorrect. LOTA only applies to leases with terms exceeding ten years, and LOTR filings have no effect on title enforceability.

d. ✓ Correct. Under section 20(3) of the Land Title Act, a lease for a term not exceeding three years where there is actual occupation is valid without registration; furthermore, under section 23(2)(d), such a short-term lease is one of the ten statutory exceptions to indefeasibility that directly binds the new registered owner.

25′ answer b

a. ✗ Incorrect. Omits the second essential requirement of the short-term lease exception: there must be actual occupation.

b. ✓ Correct. Sections 20(3) and 23(2)(d) require two cumulative conditions to protect an unregistered short-term lease: the term must not exceed three years, and the tenant must have actual occupation; an unregistered lease without actual occupation is valid only between the original parties and cannot enforce priority against an innocent registered third-party purchaser.

c. ✗ Incorrect. Under section 294.6(f), the assurance fund does not compensate for losses caused by the claimant's own negligence or failure to register.

d. ✗ Incorrect. A lease for a term not exceeding three years does not trigger section 73 subdivision approval in the first place.

26 answer a

a. ✓ Correct. A purchaser buying a strata lot from a developer must retain 7% of the gross purchase price under section 88(2) of the Strata Property Act and Strata Property Regulation section 5.2; an owner under a construction contract must retain 10% of the greater of contract price or payments under Builders Lien Act section 4(1) (for a 55-day holdback period); and a claim of lien must be filed under section 20 within 45 days after a certificate of completion is issued or the contract is completed, abandoned, or terminated.

b. ✗ Incorrect. Falls into the 'confusing the 10% builders lien and 7% strata buyer holdbacks' trap, while confusing the 55-day holdback period (section 8) with the 45-day deadline for filing a claim of lien (section 20).

c. ✗ Incorrect. Reverses the 7% and 10% percentages, and confuses the 45-day filing deadline with the 21-day window under section 33(2) for a lien claimant to commence an action and register a CPL after receiving a notice to commence action.

d. ✗ Incorrect. The statutory 7% rule applies specifically to purchases of strata lots from a developer; for standard new or renovated home purchases, the Builders Lien Act does not automatically authorize a buyer to retain a holdback unless expressly stipulated in the contract; furthermore, 1 year is the lapse period for commencing an action and registering a CPL for a registered lien under section 33(1).

26′ answer b

a. ✗ Incorrect. Two months is the lapse period for a caveat, whereas a judgment automatically lapses 2 years after registration; additionally, an outstanding duplicate title blocks registration of transfers, mortgages, or long-term leases.

b. ✓ Correct. Under section 83(1) of the Court Order Enforcement Act, a judgment automatically expires 2 years after registration unless renewed before expiry; furthermore, as long as a duplicate indefeasible title has been issued and remains outstanding, the land title office will not register a transfer, mortgage, or long-term lease, and if lost, an application for a replacement must be made under section 193.

c. ✗ Incorrect. Confuses a duplicate title with a certificate of pending litigation (CPL); moreover, a CPL does not completely freeze all registrations today, as an applicant may proceed with registration by expressly agreeing in writing that the interest will be subject to the final outcome of the action.

d. ✗ Incorrect. Section 57 notices under the Community Charter, section 392 special waste notices, and heritage designations appear under Legal Notations, whereas a judgment is a charge that lapses after 2 years, and duplicate titles appear in a dedicated status field.

27 answer b

a. ✗ Incorrect. Misidentifies two core thresholds simultaneously: an 'interest in land' under LOTA includes a lease exceeding 10 years (section 1), and the corporate interest holder threshold is 10% of shares or voting rights (section 3), not 25%.

b. ✓ Correct. A twelve-year lease exceeds the 10-year lease threshold under section 1 of LOTA and constitutes an interest in land requiring reporting; a non-exempt corporation is a reporting body and must file both a transparency declaration and a transparency report; an individual who holds 10% or more of issued voting shares is a corporate interest holder, so the 10% shareholder must be disclosed.

c. ✗ Incorrect. Under section 11(1) of LOTA, if a transferee fails to submit a transparency declaration with the application to register, the registrar must refuse to accept the application.

d. ✗ Incorrect. Under sections 29(5) and 29(6) of the Land Title Act, a person dealing with a registered owner is not affected by any filed transparency declaration, transparency report, or publicly searchable information, and knowledge does not constitute fraud.

27′ answer d

a. ✗ Incorrect. This is one of the most commonly overlooked compliance requirements in practice: even if the land title itself remains unchanged, a change in corporate shareholding or trust beneficiaries triggers an obligation to file an updated transparency report under LOTA.

b. ✗ Incorrect. A shareholding change requires updating the LOTA transparency report and has nothing to do with registering a caveat or the 45-day builders lien window at the land title office.

c. ✗ Incorrect. A PID is permanently tied to a parcel and changes only upon subdivision or consolidation of land; a corporate share transfer does not alter the PID.

d. ✓ Correct. Under section 16(1) of LOTA, a reporting body must file a new transparency report within 2 months after it becomes aware, or reasonably ought to have become aware, that its previously filed report no longer discloses the current interest holders (where the new shareholder meets the 10% threshold).

28 answer c

a. ✗ Incorrect. Confuses several distinct rules: under section 18, an unregistered manufactured home cannot be sold, offered for sale, or moved; safety certification is a CSA mark rather than an MHR decal (which merely identifies registry registration); and manufactured home registration confers no certificate of title or indefeasibility.

b. ✗ Incorrect. Applies the land title caveat timeline to manufactured homes: a transport permit for a manufactured home expires 30 days after issuance (section 17(1)), whereas a caution in the registry expires after 3 months (section 22(3)).

c. ✓ Correct. Under sections 15(1), 17(1), and 18 of the Manufactured Home Act, an unregistered manufactured home must not be sold, offered for sale, or moved, and before moving it must be registered and obtain a transport permit valid for 30 days, with contraventions subject to a maximum fine of $2,000; the exam syllabus states that filings are generally accepted electronically only through BC OnLine, whereas the current portal is BC Registry Services.

d. ✗ Incorrect. The presence or absence of wheels does not alter the statutory classification of a manufactured home; furthermore, when a manufactured home sits on a rented pad, the tenancy relationship between the home owner and the pad landlord is governed by the Manufactured Home Park Tenancy Act rather than the Residential Tenancy Act.

28′ answer a

a. ✓ Correct. Under section 22(3) of the Manufactured Home Act, a caution registered by a person who has commenced legal proceedings expires after 3 months unless a court orders it cancelled or continued; contraventions of moving, transport permit (valid for 30 days), and sales provisions carry a maximum fine of $2,000.

b. ✗ Incorrect. Two months is the lapse period for a caveat under the Land Title Act, and $25,000 is the individual penalty under LOTA; neither applies under the Manufactured Home Act.

c. ✗ Incorrect. Thirty days is the validity period for a transport permit under section 17(1), not the 3–month lifespan of a caution.

d. ✗ Incorrect. One year is the builders lien lawsuit limitation period, and the Manufactured Home Registry has no assurance fund or indefeasible title whatsoever.

Chapter 5 answers and reasons

29 answer b

a. ✗ Incorrect. This falls into the general disclaimer shield trap. The courts have held that a vague, blanket general disclaimer is insufficient to override the duty of care owed by a listing licensee to a buyer, especially where the licensee has already noticed that the data is inaccurate.

b. ✓ Correct. Under negligence and misrepresentation principles, blanket disclaimers rarely shield a licensee, and the fundamental rule is that no form of disclaimer (even a specific disclaimer) can protect a person who publishes information while knowing it to be inaccurate. In addition, under current Real Estate Services Rules s.34, failing to exercise reasonable care and skill can directly trigger a Category C administrative penalty.

c. ✗ Incorrect. This confuses the boundary between fiduciary duties and the common law duty of care in tort. The common law duty of care extends to anyone reasonably foreseeable as being affected by the licensee's statements (including buyers), and current Rules s.34 similarly requires reasonable care and skill to be provided to all parties.

d. ✗ Incorrect. Remoteness of damage depends on whether the type of harm was reasonably foreseeable at the time of the defendant's conduct; financial loss resulting from misstated living area is entirely foreseeable.

29′ answer a

a. ✓ Correct. Case law clearly establishes that a vague general disclaimer such as 'Information believed to be correct but not guaranteed' is insufficient to override the duty of care owed by a listing licensee to a buyer. What may be effective is a specific disclaimer advising independent verification.

b. ✗ Incorrect. The Real Estate Compensation Fund only compensates for trust funds that have been misappropriated or fraudulently obtained; inaccurate septic system information falls under civil negligence and negligent misrepresentation.

c. ✗ Incorrect. The greater the risk, the higher the standard of care required. Because real estate transactions involve substantial financial commitments and the public relies on the licensee's specialized skill, BC courts hold licensees to a very high standard approaching perfection.

d. ✗ Incorrect. The validity of a disclaimer depends on whether it is clear and specific and whether the representor knew the information was false; there is no statutory requirement or procedure for the Superintendent to countersign disclaimers prior to publication.

30 answer a

a. ✓ Correct. 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. In contrast, the core of deceit is moral fraud (knowing the statement is false or recklessly unconcerned with its truth), and it does not require the representor to possess expert status.

b. ✗ Incorrect. This reverses the identity requirements: expert status and a special relationship arising in the course of business are required for negligent misrepresentation, whereas deceit can be committed by anyone without requiring expert credentials.

c. ✗ Incorrect. Being actionable per se (without proof of damage) is a distinguishing feature of trespass; both negligent misrepresentation and deceit require proof that reliance caused foreseeable financial damage.

d. ✗ Incorrect. Deceit arises from a statement made knowingly false or recklessly without caring whether it is true or false; not charging a commission does not exempt a licensee from tortious or contractual liability for fraud.

30′ answer c

a. ✗ Incorrect. Undisclosed referral fee arrangements and the Real Estate Compensation Fund have no connection to the Hedley Byrne rule, and an expert should never blindly provide written guarantees of unverified rental returns.

b. ✗ Incorrect. A careless oral estimate can also constitute negligent misrepresentation; a seller's disclosure statement and backdating a contract are not legitimate legal options.

c. ✓ Correct. Under the negligent misrepresentation principles established in Hedley Byrne, a skilled expert who is consulted by a party reasonably relying on their advice has three options: (1) refuse to give advice; (2) give advice with a clear qualification that no responsibility is accepted for its accuracy or reliability; or (3) give advice without qualification, in which case the expert must exercise reasonable care and will be liable for resulting loss if they fail to do so.

d. ✗ Incorrect. Consent orders, undertakings, and letters of advisement are disciplinary enforcement tools used by the regulator, not legal options available during client civil consultations.

31 answer c

a. ✗ Incorrect. This falls into the fiduciary duty burden and consequence confusion trap. Breach of fiduciary duty does not require the client to prove that the property was sold below market value, the burden of proof is not on the seller, and a licensee who breaches fiduciary duty cannot retain the remainder of the commission.

b. ✗ Incorrect. The courts have clearly ruled that a fiduciary's duty of disclosure is not limited to situations where the licensee personally profits, where property value is impacted, or where a conflict of interest exists; it extends to all information related to the subject matter of the contract that could influence the client's conduct.

c. ✓ Correct. Under the four principles of fiduciary duty, the burden of proof is reversed onto the licensee; licensees must not decide for themselves what will influence the client's decision. Secretly agreeing to share commission with a buyer without notifying the seller client constitutes a breach of fiduciary duty, and the primary consequence under case law is that the licensee forfeits the commission claimed. Under the current rules, this also violates Rules s.30 and s.56 (Category C).

d. ✗ Incorrect. Errors and Omissions (E&O) insurance covers civil liability for negligence owed to third parties; it never reimburses or pays out commission that a court has ordered forfeited due to a breach of fiduciary duty.

31′ answer b

a. ✗ Incorrect. Civil actions for breach of fiduciary duty do not apply the criminal beyond–a–reasonable–doubt standard of proof; more importantly, fiduciary actions operate under a reverse burden of proof, requiring the licensee and brokerage to prove full compliance with utmost good faith.

b. ✓ Correct. The four fiduciary principles require securing a price not less than what could be obtained from a third party through diligent effort, fully disclosing all material facts, and placing the burden of proof on the licensee. Concealing a higher offer to facilitate a resale directly results in forfeiture of the commission claimed (under current rules, this also contravenes Rules s.30(f) and (g), categorized as Category C).

c. ✗ Incorrect. The third principle of fiduciary duty mandates that the price obtained must not be less than any other price that could have been obtained from a third party with diligent effort; meeting the initial listing appraisal is no excuse for concealing higher offers.

d. ✗ Incorrect. The Real Estate Compensation Fund only compensates for trust funds that have been misappropriated or wrongfully converted; a seller's refusal to pay commission or damages claim for concealed offers is handled through the civil courts and disciplinary proceedings.

32 answer d

a. ✗ Incorrect. This falls into the independent contractor vicarious liability exemption trap. In common law vicarious liability, the courts look at the substance of the relationship rather than contractual labels, explicitly treating representatives as employees.

b. ✗ Incorrect. The dividing line for vicarious liability is whether the act occurred in the ordinary course of employment, not whether company property was used; driving a company car to the movies after hours is outside the course of employment, so the employer is not vicariously liable.

c. ✗ Incorrect. Watching a movie after hours is a personal activity that does not trigger vicarious liability, whereas misstating zoning bylaws during a daytime showing occurs directly within the performance of real estate duties.

d. ✓ Correct. Even where an independent contractor agreement is signed, the courts treat representatives as employees for the purposes of vicarious liability. Providing incorrect zoning information during a client showing occurs in the ordinary course of employment, making the brokerage vicariously liable; however, a traffic collision while driving to the movies after hours falls outside the course of employment, making the individual solely liable.

32′ answer b

a. ✗ Incorrect. Vicarious liability is not limited to salaried clerical employees or minor clerical mistakes; as long as the act occurs in the course of employment, employers can be held vicariously liable even for fraud or assault.

b. ✓ Correct. The courts treat representatives as employees, meaning an independent contractor agreement cannot shield a brokerage from vicarious liability. As long as the wrongful act occurs within the ordinary course of employment, the brokerage can be held vicariously liable even where the conduct involves deceit or fraud.

c. ✗ Incorrect. Vicarious liability is a common law strict liability doctrine that does not depend on personal participation by the managing broker (furthermore, current Rules s.28 imposes an independent statutory duty of supervision on the managing broker).

d. ✗ Incorrect. The injured party has the legal right to sue both the wrongdoer and their employer (brokerage) in civil court simultaneously, which does not exclude or conflict with regulatory disciplinary proceedings or tribunal appeals.

33 answer a

a. ✓ Correct. Under the Occupiers Liability Act (OLA) s.1, there can be more than one occupier of the same premises. A licensee hosting an open house is given control over the condition of the premises, activities conducted there, and persons permitted to enter, thereby becoming an occupier alongside the homeowner. Both owe a duty under s.3(1) to take reasonable care to see that visitors and their property will be reasonably safe.

b. ✗ Incorrect. Multiple occupiers can exist simultaneously for the same premises; the homeowner's statutory liability as an occupier does not automatically vanish simply because the hosting licensee also qualifies as an occupier.

c. ✗ Incorrect. OLA s.3(4) explicitly provides that the Act does not relieve an occupier of any higher duty of care imposed by other legislation (such as the Residential Tenancy Act s.32 for tenants or current Workers Compensation Act s.25, cited as s.119 in the 2020 manual).

d. ✗ Incorrect. The OLA abolished the former common law categories of invitee, licensee, and trespasser, establishing a uniform standard of reasonable care for all permitted visitors; open house guests do not fall under the deemed assumed risk exceptions of s.3(3.1)—(3.3) for criminal trespassers or free rural recreational entrants.

33′ answer b

a. ✗ Incorrect. The OLA replaced the pre-1974 common law categories of visitors; it definitely did not abolish safety standards established by other statutes.

b. ✓ Correct. OLA s.3(4) expressly provides that the uniform standard of reasonable care does not relieve an occupier of any higher standard of care imposed by other enactments, such as a landlord's statutory maintenance duty to tenants under Residential Tenancy Act s.32, or workplace duties under the Workers Compensation Act (referenced as s.119 in the 2020 exam standard, s.25 in current law).

c. ✗ Incorrect. Criminal trespassers and free entrants onto rural or agricultural lands fall under OLA s.3(3.1)—(3.3) as persons deemed to willingly assume risks; in such cases the standard of care is lowered (merely not to create intentional harm or act with reckless disregard), not increased.

d. ✗ Incorrect. OLA s.3(1) explicitly provides that an occupier's common duty of care extends to both persons entering the premises and their property (including property brought onto the premises by others).

34 answer c

a. ✗ Incorrect. This is a classic trespass and nuisance defence trap. The courts have explicitly rejected 'coming to the nuisance' (volenti non fit injuria) and 'exercising utmost care and skill' as valid defences to private nuisance.

b. ✗ Incorrect. Smoke, odours, and noise escaping from one's own property and interfering with neighbouring land constitute a classic form of private nuisance, rather than a direct trespass to land.

c. ✓ Correct. In private nuisance: (1) both 'coming to the nuisance' and 'exercising utmost care and skill' have been rejected by the courts as valid defences; and (2) where a nuisance causes actual physical damage to property (such as corroding exterior paint) rather than merely interfering with enjoyment, the reasonableness of the defendant's conduct is no defence.

d. ✗ Incorrect. The argument that 'it was not caused by me alone but resulted from the combined emissions of several operations' has been explicitly rejected by the courts; every party contributing to a nuisance is liable for their contribution.

34′ answer b

a. ✗ Incorrect. This falls into the trespass and nuisance element inversion trap. Trespass is actionable per se without proof of damage, whereas private nuisance requires proof of substantial interference with use and enjoyment or actual physical damage.

b. ✓ Correct. Trespass is an intentional, direct physical interference with land in another's possession and is actionable per se (without proof of damage). Private nuisance typically originates on the defendant's own land as a continuing or recurring state of affairs affecting neighbouring property, requiring proof of substantial interference or physical damage.

c. ✗ Incorrect. In trespass, honest mistake or lack of knowledge is not a valid defence (for instance, a courier mistakenly delivering goods to the wrong driveway is still liable for trespass by placing objects on another's land).

d. ✗ Incorrect. Abatement is a self-help remedy for private nuisance (such as trimming overhanging branches, which generally requires notice before entering another's land); ejecting a trespasser is self-help that requires first requesting them to leave and using no more force than reasonably necessary.

35 answer c

a. ✗ Incorrect. This falls into the insurance and compensation fund commingling trap. E&O insurance covers carelessness (negligence), not misappropriation of deposits; the Real Estate Compensation Fund covers dishonesty (misappropriation of trust funds), and neither fund will ever pay an administrative penalty.

b. ✗ Incorrect. The Real Estate Compensation Fund has strict statutory caps ($200,000 per claimant and $1,000,000 in aggregate for all claims against a single brokerage, not $1,000,000 per household), and E&O insurance only pays civil negligence liability, never reimbursing BCFSA administrative penalties, disciplinary fines, or enforcement costs.

c. ✓ Correct. Misappropriated trust deposits fall under the Real Estate Compensation Fund (RESA s.60), subject to a statutory cap of $200,000 per claimant and a maximum aggregate limit of $1,000,000 for all claims against a single brokerage (prorated if claims exceed the limit). The $5,000 Category C administrative penalty under Rules s.34 is excluded from E&O coverage and must be paid personally by the licensee.

d. ✗ Incorrect. Administrative penalties are payable to BCFSA; BCFSA never pays fines on behalf of a licensee, and misappropriated deposits are compensated up to statutory limits by the Real Estate Compensation Fund funded by licensees.

35′ answer d

a. ✗ Incorrect. The Financial Services Tribunal (FST) is the appellate body that hears appeals (filed within 30 days with an $850 filing fee); under neither the 2020 manual nor current law is it the first-instance disciplinary body.
b. ✗ Incorrect. The Real Estate Errors and Omissions Insurance Corporation has operated since 1988 as a non-profit captive insurance entity and has never served as a licensing regulator or disciplinary authority.
c. ✗ Incorrect. The Real Estate Compensation Fund Corporation is responsible solely for administering the compensation fund for misappropriated trust monies; it does not license professionals or conduct disciplinary proceedings.
d. ✓ Correct. The 2020 exam standard described the Real Estate Council of BC as the disciplinary body, listing only three traditional disciplinary tools: reprimand, licence suspension, and licence cancellation. Under current RESA, the Council has been dissolved and all disciplinary powers are exercised by the Superintendent appointed by BCFSA, with ten statutory order powers under s.43(2) (including disciplinary penalties up to $250,000 per licensee and $500,000 per brokerage) plus six categories of administrative penalties up to $100,000.

Chapter 6 answers and reasons

36 answer b

a. ✗ This falls into the trap of prioritizing the document's title over substantive exclusive possession. Labelling the parties 'licensor' and 'licensee' does not determine legal classification; courts look to the true intention of the parties and whether exclusive possession was granted.
b. ✓ Correct. Determining whether an agreement creates a lease or a licence depends on the parties' intention, with the most critical evidence being whether exclusive possession was conferred. Where exclusive possession is granted, courts generally classify the agreement as a lease, creating an interest in land that runs with the land and binds the new building owner.
c. ✗ This falls into the trap of confusing commercial and residential rules. A street-level florist shop is a commercial premises, creating a commercial tenancy governed by common law and the Commercial Tenancy Act (CTA), not the Residential Tenancy Act (RTA).
d. ✗ This confuses a fixed-term commercial lease with a tenancy at will. Because the agreement specifies a definite two-year term, monthly fees, and exclusive possession, it constitutes a commercial fixed-term lease rather than a tenancy at will terminable at any time.

36′ answer d

a. ✗ This confuses a contractual privilege with an interest in land. Paying a fee to use space without exclusive possession constitutes only a licence and creates no interest in land.
b. ✗ This fabricates a legal rule. Selling a property does not convert a licence into a periodic tenancy; rather, because a licence does not run with the land, the new owner is not bound by it.
c. ✗ This falls into the trap of confusing commercial and residential rules. A studio workbench is neither residential accommodation nor held under exclusive possession, and is entirely outside the jurisdiction of the Residential Tenancy Branch.
d. ✓ Correct. Because the artist lacks exclusive possession over a defined space, the artist holds only a licence. A licence is merely a personal contractual privilege that creates no interest in land and does not run with the land, meaning it does not bind the purchasing developer.

37 answer c

a. ✗ This reverses the sequence and exaggerates the term. Early possession before closing without a fixed term and terminable at any time creates a tenancy at will; accepting periodic rent only implies a periodic tenancy, never a 99–year fixed–term lease.

b. ✗ This confuses commercial and residential rules while mischaracterizing the tenancy type. Commercial office units are not governed by the RTB, and an arrangement terminable at any time is not a fixed–term tenancy.

c. ✓ Correct. Where an occupant possesses land with the owner's consent under an arrangement terminable by either party at any time (most commonly when a buyer takes early possession before completion), a tenancy at will is created. Once the owner begins accepting periodic rent, the law presumes a periodic tenancy that requires reasonable notice to terminate.

d. ✗ This misstates compensation rules for a tenancy at will. In a tenancy at will, unless the parties expressly agreed that occupancy would be rent–free, the owner is entitled to reasonable compensation for use and occupation.

37′ answer a

a. ✓ Correct. A commercial fixed–term lease expires automatically at the end of the specified term without either party being required to serve advance notice.

b. ✗ This mistakenly applies residential concepts to a commercial lease. A commercial fixed–term tenancy automatically expires at the end of its term; neither party needs to serve notice, and it does not automatically convert into a month–to–month tenancy.

c. ✗ This confuses a fixed–term lease with a year–to–year periodic tenancy. Six months' reasonable notice applies to terminating a commercial periodic tenancy from year to year, not to a lease with a definite expiration date.

d. ✗ This improperly transfers residential web portal notice requirements and dispute periods to a commercial fixed–term tenancy.

38 answer a

a. ✓ Correct. Under the course manual (exam standard), ending a tenancy for landlord's or buyer's use requires a Two Month Notice to End Tenancy, 15 days for the tenant to dispute, and compensation equal to 1 month's rent. (Note: under current 2026 BC legislation, landlord's use and buyer's use notices require 3 months' notice generated via the RTB web portal and a 21–day dispute period, while the 1–month compensation remains and the penalty for failing to occupy is 12 months' rent).

b. ✗ This confuses no–fault landlord's use (s.49) with end of tenancy for cause (s.47). A 1–month notice with a 10–day dispute period and no compensation applies where a tenant breaches obligations, causes unreasonable disturbance, or damages property.

c. ✗ This misapplies the notice period for demolition or conversion and misstates the compensation amount. A 4–month notice with 30 days to dispute applies to demolition, conversion to strata, or conversion to non–residential use (s.49(6)), and statutory compensation is 1 month's rent rather than 2 months.

d. ✗ This conflates a 10–day notice for unpaid rent (5 days to dispute) with the security deposit cap (half a month's rent), bearing no resemblance to landlord's use rules.

38′ answer c

a. ✗ This confuses major renovation or demolition notice periods with the 1–month notice and 10–day dispute deadline applicable to ending a tenancy for cause (RTA s.47).

b. ✗ This confuses the 4–month notice for major renovations or demolition under course manual rules with landlord's use (which requires 2 months' notice and 15 days to dispute under exam rules).

c. ✓ Correct. Under the course manual (exam standard), ending a tenancy for demolition, conversion, or major renovations (renoviction) requires 4 months' notice and a 30–day tenant dispute period. (Note: under current BC law since July 1, 2021 pursuant to RTA s.49.2, a landlord cannot issue a notice for major renovations directly, but must apply to the RTB for an Order of Possession taking effect no earlier than 4 months after the order is made, whereas demolition or conversion continues under 4 months' notice with 30 days to dispute).

d. ✗ This confuses the 12–month notice required for park conversions under the Manufactured Home Park Tenancy Act with the 5–day dispute period for unpaid rent.

39 answer d

a. ✗ This falls into the trap of confusing commercial and residential rules. Section 26(3) of the Residential Tenancy Act explicitly prohibits seizing a residential tenant's personal property for overdue rent, regardless of how many days rent has been unpaid.

b. ✗ This overgeneralizes the prohibition. Distress was abolished solely for residential tenancies; in commercial tenancies, distress remains an active remedy under sections 3 to 7 of the Commercial Tenancy Act and the Rent Distress Act.

c. ✗ This completely reverses the rules governing commercial and residential tenancies. Distress is strictly prohibited in residential tenancies and permitted in commercial tenancies.

d. ✓ Correct. A commercial landlord possesses the common law and statutory remedy of distress to seize and sell a tenant's goods for unpaid rent (governed by CTA ss.3–7 and the Rent Distress Act); in contrast, section 26(3) of the RTA strictly prohibits a residential landlord from seizing a tenant's personal property.

39′ answer b

a. ✗ This violates the rule against retroactive or banked increases. The annual allowable rent increase is set for the calendar year; any unused percentage from prior years cannot be banked, carried forward, or accumulated.

b. ✓ Correct. Even where at least 12 months have elapsed since the tenancy started or the last increase and 3 months' written notice is served using Form RTB–7, the landlord is limited to the current year's allowable percentage (the rate of inflation; formerly printed as CPI plus 2% in older course materials). The landlord cannot bank or add unused room from previous years, nor round calculated amounts up.

c. ✗ This fabricates a rule that extending the notice period allows exceeding the rent increase cap. Regardless of how many months of advance notice are provided, a landlord cannot exceed the statutory annual limit or catch up on past unused percentages.

d. ✗ This falls into the misconception that a change of ownership resets rent increase eligibility. A change in landlord does not create an immediate right to raise rent; a lawful increase requires at least 12 months since the start of tenancy or the last increase for that tenant, or re–renting to an entirely new tenant.

40 answer b

a. ✗ This identifies the deposit caps correctly (not more than half a month's rent each) but mistakes the statutory 15–day deadline to return deposits or apply for dispute resolution as 30 days.

b. ✓ Correct. Under RTA s.19(1), a security deposit and a pet damage deposit may each not exceed half a month's rent. Under RTA s.38(1), within 15 days after the later of the date the tenancy ends and the date the landlord receives the tenant's forwarding address in writing, the landlord must return the deposits with interest or file an application for dispute resolution with the RTB.

c. ✗ This mistakenly assumes the combined total of both deposits cannot exceed half a month's rent. Section 19(1) of the RTA provides that the security deposit and the pet damage deposit may each be up to half a month's rent, allowing up to one full month's rent in total.

d. ✗ This confuses commercial and residential rules. Commercial deposits are subject to free contract negotiation, whereas residential deposits are strictly capped by statute. Furthermore, 21 days is the timeframe to provide a copy of the tenancy agreement to the tenant (or the current dispute period for landlord's use), not the 15–day deposit return window.

40′ answer a

a. ✓ Correct. Although a security deposit may only be required when the tenancy agreement is entered into (RTA s.20(a)), a pet damage deposit of up to half a month's rent may be required during the tenancy when the tenant is first permitted to keep a pet, accompanied by a condition inspection pursuant to RTA s.23. (Note: older course manual editions treated deposit timing generally, whereas current legislation explicitly distinguishes initial security deposits from mid–tenancy pet deposits).

b. ✗ This mistakenly extends the restriction that security deposits must be required at the inception of the tenancy (s.20(a)) to pet damage deposits when a pet is first permitted mid–tenancy.

c. ✗ This commits a double violation: a landlord can collect only one security deposit for a tenancy, and a pet damage deposit is capped at half a month's rent, not a full month's rent.

d. ✗ This confuses pet permissions with rent increase rules. A pet is not an additional occupant, and a landlord cannot bypass the 12–month interval, the 3–month RTB–7 notice, or the statutory annual rent increase limit because a pet is permitted.

41 answer a

a. ✓ Correct. Under RTA s.29, absent tenant consent or an emergency, a landlord entering a rental unit must give written notice at least 24 hours and not more than 30 days before the entry, stating a reasonable purpose and the date and time between 8:00 a.m. and 9:00 p.m. Under s.29(2), the landlord may conduct a routine inspection once a month.

b. ✗ Both timing and form violate statutory requirements. Notice must be in writing delivered at least 24 hours in advance (accounting for deemed service rules), and entry hours are restricted to between 8:00 a.m. and 9:00 p.m.

c. ✗ This falls into the trap of confusing commercial and residential rules. A commercial lease can reserve unrestricted landlord entry by express contract, but quiet enjoyment and entry restrictions under RTA ss.28–29 are non–waivable statutory protections that cannot be avoided by lease terms.

d. ✗ This confuses routine landlord entry rights with a BC Supreme Court Writ of Possession, which is used to enforce an eviction against a tenant refusing to vacate.

41′ answer d

a. ✗ This misstates the deemed service timeline and lawful entry hours. A mailed document is deemed received on the 5th day after mailing (not the 10th day), and statutory entry hours are between 8:00 a.m. and 9:00 p.m.
b. ✗ This is overly absolute. Provided tenant consent is obtained (preferably through an agreed written showing schedule) or valid 24 hours' written notice is served, a licensee may enter between 8:00 a.m. and 9:00 p.m.
c. ✗ This conflates a notice of entry for showings with an Order of Possession to terminate a tenancy. Showing a rental unit does not end the tenancy and requires no RTB order.
d. ✓ Correct. Under RTA s.90, mail is deemed received on the 5th day after mailing (whereas attaching to a door or leaving in a mailbox is deemed received on the 3rd day), and the 24–hour notice window only begins upon deemed receipt, meaning Thursday morning is far too early; moreover, best practice requires the listing licensee to first attempt to agree on a mutually acceptable written showing schedule before resorting to unilateral 24–hour written notices.

42 answer c

a. ✗ This falls into the trap of confusing commercial and residential rules. Section 7(2) of the RTA imposes a statutory duty to mitigate on residential parties; at common law, a commercial landlord owes no general duty to re–let to mitigate losses and may leave the premises vacant while suing for rent as it falls due.
b. ✗ This falls into the commercial re–letting surrender trap. At common law, if a commercial landlord re–lets premises without prior clear notice to the defaulting tenant, courts may interpret this as an acceptance of surrender by operation of law, forfeiting the right to recover future rent from the original tenant.
c. ✓ Correct. At common law, a commercial landlord owes no general duty to re–let to mitigate losses, and re–letting directly risks being deemed an acceptance of surrender; however, under the Supreme Court of Canada ruling in Highway Properties, if the landlord gives clear notice to the tenant terminating the lease and claiming damages for the lost prospective benefit over the unexpired term, the landlord can retake possession while preserving the claim for rent shortfalls.
d. ✗ This jumbles the RTB 15–day deposit claim deadline with caveat lessee. Commercial lease breaches are litigated in court, and caveat lessee denotes that commercial landlords have no implied repair obligations, having nothing to do with breach remedies.

42′ answer b

a. ✗ This commits a double violation of RTA s.34. Where 6 months or more remain on a fixed–term tenancy, the landlord must not unreasonably withhold consent, and the landlord may never charge a fee for granting consent to an assignment or sublet (doing so constitutes an offence under s.95(1)(i)).
b. ✓ Correct. Under section 34 of the RTA, a residential tenant cannot assign or sublet without the landlord's written consent; however, if the fixed–term tenancy has 6 months or more remaining, the landlord must not unreasonably withhold consent, and the landlord cannot charge a fee for providing consent.
c. ✗ This falls into the trap of confusing commercial and residential rules. The rule that assignment or subletting is permitted without consent unless expressly prohibited applies to commercial tenancies at common law; residential tenancies strictly require written consent under RTA s.34.
d. ✗ This again misapplies commercial common law rules to a residential tenancy. Section 7(2) of the RTA imposes a statutory duty to mitigate losses on both parties; if a tenant abandons early, the landlord must make reasonable efforts to re–rent the unit at a fair economic rent.

Chapter 7 answers and reasons

43 answer a

a. ✓ Under Section 76 of the Strata Property Act, short–term exclusive use permission for non–EV parking stalls on common property may be granted for a maximum term of up to 1 year, subject to renewal and conditions, and may be cancelled by the strata corporation on reasonable notice.

b. ✗ The maximum term of up to 5 years applies only to exclusive use granted for EV charging stalls after an owner's request under Section 90.1 is approved (Strata Property Regulation s.5.101); short–term exclusive use for standard parking stalls is capped at 1 year.

c. ✗ A designation that is permanent and runs with the land applies to limited common property (LCP); short–term exclusive use permission can be revoked on reasonable notice at any time and does not run with title transfer.

d. ✗ The 60–day period is the statutory validity period of a Certificate of Payment (Form F) and the deadline to decide not to repair damaged property after an insurance payout; it has nothing to do with short–term exclusive use of common property.

43′ answer b

a. ✗ Neither limited common property (LCP) nor short–term exclusive use constitutes an independent strata lot; neither can be separately transferred by conveying a fee simple title.

b. ✓ Limited common property (LCP) runs with the strata lot to the buyer but cannot be sold separately; short–term exclusive use granted by council lasts up to 1 year (5 years for EV stalls) and may be cancelled by the strata corporation on reasonable notice. Advertising both as permanently belonging to the unit constitutes misrepresentation.

c. ✗ Registered limited common property (LCP) automatically transfers with the strata lot for the buyer's use; no new unanimous vote at an annual general meeting is needed to confirm the transfer.

d. ✗ This completely reverses the legal consequences of limited common property (LCP, which permanently runs with the unit) and short–term exclusive use permission (which lasts up to 1 year and is revocable).

44 answer b

a. ✗ This is a classic denominator confusion trap: the denominator for an 80% winding–up vote is all 100 eligible voters (70 / 100 = 70% < 80%), not the 80 voters present at the meeting.

b. ✓ A bylaw amendment requires a 3/4 vote based on the 80 votes cast in person or by proxy; 3/4 of 80 is 60 votes, so 70 votes easily passes. In contrast, winding up under Section 272 of the Strata Property Act requires an 80% vote of all 100 eligible voters (at least 80 votes); absent voters effectively count as votes against, so 70 votes fails.

c. ✗ Bylaw amendments require only a 3/4 vote of votes cast, and since July 28, 2016, winding up no longer requires a unanimous vote but an 80% vote of all eligible voters plus court approval.

d. ✗ A majority vote is only sufficient to retain a brokerage to test the market; a formal winding–up resolution requires an 80% vote of all eligible voters and approval by the BC Supreme Court. With 80 attendees present, there is no quorum deficiency.

44′ answer c

a. ✗ BC Supreme Court jurisprudence explicitly rejects applying the 80% winding–up threshold to the preliminary stage of hiring a listing brokerage.

b. ✗ Retaining a brokerage requires only a majority vote, and since 2016, winding up requires an 80% vote of all eligible voters plus court approval rather than a unanimous vote.

c. ✓ Deciding whether to hire a brokerage to test the market requires only a majority vote; a formal winding–up resolution under Section 272 of the Strata Property Act requires an 80% vote of all eligible voters (40 out of 50 votes) plus approval from the BC Supreme Court.

d. ✗ Winding up is not decided by a 3/4 vote of those present, but by an 80% vote of all eligible voters, and it requires BC Supreme Court approval to protect dissenting minority owners and charge holders.

45 answer c

a. ✗ This completely reverses the exam rule and current law: under the exam manual rule, contributions become optional ($0 mandatory) once the CRF exceeds 25% of the operating fund, whereas current law requires contributing at least 10% of annual operating fund contributions every year regardless of balance.

b. ✗ Under the exam manual rule, 25% ($50,000) was the balance threshold triggering mandatory contributions rather than an annual contribution amount, and 5% was the former developer first-year seed contribution percentage.

c. ✓ Under the exam manual rule, when the contingency reserve fund (CRF) balance equals or exceeds 25% of the operating fund ($200,000 x 25% = $50,000, which this $80,000 balance exceeds), further contributions are optional ($0 mandatory). Effective November 1, 2023, current law eliminates the 25% exemption threshold and requires an annual contribution of at least 10% of the annual operating budget contributions ($20,000), taking into account the most recent depreciation report.

d. ✗ The $2,000 figure is one of the caps on unauthorized council spending when bylaws are silent, having nothing to do with annual CRF budget contributions.

45′ answer a

a. ✓ Under the course manual exam rule, mandatory contributions are required only when the contingency reserve fund (CRF) balance is below 25% of the operating fund ($25,000), calculated as the lesser of 10% of the operating fund ($10,000) or the amount needed to bring the CRF up to 25% ($25,000 – $18,000 = $7,000), which equals $7,000. (Note: under current BC rules effective November 1, 2023, a minimum of 10% of the operating fund contributions, or $10,000, is mandatory every year without any 25% cap.)

b. ✗ Under the exam rule, 25% is the target CRF balance threshold ($25,000), not a requirement to contribute 25% of the operating fund in a single year.

c. ✗ Under the former rule, the contribution exemption threshold was 25% of the operating fund ($25,000), not 10%; with a balance of $18,000, the strata has not reached that threshold, making a contribution mandatory.

d. ✗ The 50% figure is the statutory cap on developer seed contributions to the CRF upon the first conveyance under current law, not applicable to annual owner budget contributions.

46 answer d

a. ✗ This completely reverses the figures and waiver rules between the course manual exam rules and the 2024 current rules.

b. ✗ Under both the exam rules and current law, the size threshold for statutory exemption from depreciation reports is fewer than 5 strata lots, not 100 lots or regional exemptions.

c. ✗ Depreciation reports have never been required annually, nor does the strata council have the power to waive them; these figures do not exist in the course manual or current legislation.

d. ✓ Under the course manual exam rule, strata corporations with 5 or more lots must obtain an updated depreciation report every 3 years, but owners may waive this requirement by a 3/4 vote within an 18-month cycle. Under current legislation effective July 1, 2024, the cycle is every 5 years and the 3/4 vote waiver has been completely repealed (with reports prepared by designated qualified professionals effective July 1, 2025).

46′ answer b

a. ✗ An 80% vote of all eligible voters applies to winding up the strata corporation, not to spending contingency reserve funds for building repairs.

b. ✓ Under Section 96 of the Strata Property Act, spending contingency reserve funds (CRF) to obtain a depreciation report or to pay for repairs recommended in a depreciation report (as well as EV charging expenses) requires only a majority vote at a general meeting, not a 3/4 vote.

c. ✗ The $2,000 figure is the limit on council spending without general meeting approval; repair work recommended by a depreciation report submitted to a general meeting requires only a majority vote, never a unanimous vote.

d. ✗ While general CRF expenditures not recommended by a depreciation report require a 3/4 vote, repairs recommended in a depreciation report and EV charging expenditures are statutory exceptions requiring only a majority vote.

47 answer a

a. ✓ Under Section 109 of the Strata Property Act, when a special levy is approved before completion payable in installments, statutory liability depends on each installment's due date: the installment due before completion (May 1 for $4,000) is the seller's responsibility, while the installment due on or after completion (July 1 for $4,000) is the buyer's responsibility. The buyer's licensee should address this with a contractual adjustment term.

b. ✗ Although the resolution passed on April 1, Section 109 looks to the installment due date rather than the vote date; without a specific contract clause, the July 1 installment falls entirely on the buyer.

c. ✗ The first installment of $4,000 due before completion (June 1) is the seller's statutory debt and does not transfer to the buyer upon completion (unless unpaid and secured by a lien or delaying Form F).

d. ✗ Conveyance of a strata lot does not waive its share of a special levy, nor will the strata corporation cover the levy from its CRF on behalf of the parties.

47′ answer c

a. ✗ Spending from the CRF or raising a special levy to pay an insurance deductible does not require the usual 3/4 vote at a general meeting (SPA s.158(3)); furthermore, recovering the deductible requires only that the owner was responsible for the loss, without needing to prove negligence.

b. ✗ The $2,000,000 figure is the statutory minimum third–party liability coverage, which cannot offset a deductible on the corporation's property policy, and Section 158(2) explicitly allows recovery from a responsible owner.

c. ✓ Under Section 158 of the Strata Property Act, an insurance deductible is a common expense; the corporation may pay it from the CRF or by a special levy without general meeting approval to expedite repairs. If an owner is responsible for the loss, the corporation may sue the owner to recover the deductible without having to prove negligence.

d. ✗ A 3/4 vote within 60 days applies to a resolution not to repair or replace damaged property under Section 159; paying the deductible and repairing damage must proceed without delay.

48 answer b

a. ✗ This is a frequent exam trap: under Section 116 of the Strata Property Act, a Certificate of Lien can only be registered for unpaid strata fees, special levies, repair costs the strata corporation paid for, and shared judgment debts; fines and remediation costs cannot be secured by a lien.

b. ✓ Although bylaw fines cannot be secured by a Certificate of Lien, the strata corporation may withhold a Certificate of Payment (Form F, fee $15, valid for 60 days) until fines are paid or satisfactory arrangements made; without a valid Form F, the registrar of the Land Title Office will refuse to register the transfer (SPA s.256).

c. ✗ The general limitation period under the Limitation Act is 2 years rather than 60 days, and BC court and CRT decisions indicate that the two–year period does not apply to collecting fines; the strata corporation may withhold Form F for unpaid fines.

d. ✗ A strata corporation has no authority to cancel an owner's unit entitlement or forfeit a strata lot due to unpaid bylaw fines.

48′ answer d

a. ✗ The maximum fee of $15, 60–day validity period, and mandatory status for title registration apply to a Certificate of Payment (Form F), not an Information Certificate (Form B).

b. ✗ While information in Form B is generally binding on the strata corporation under Section 59(5), Section 59(5.1) explicitly states that the summary of insurance coverage provided by an insurer or insurance agent is not binding on the strata corporation.

c. ✗ Form B discloses not only approved special levies, but also any resolutions requiring a 3/4 vote, 80% vote, or unanimous vote that have been noticed but not yet voted on, serving as a critical early warning during buyer due diligence.

d. ✓ An Information Certificate (Form B) must be issued within 1 week (formerly 8 days under exam rules) for a fee of up to $35 plus up to 25 cents per page; it must disclose strata fees, arrears, unvoted noticed high–threshold resolutions, and insurance summaries, with attached rules, current budget, the latest depreciation report, and any electrical planning report.

49 answer a

a. ✓ In a housing cooperative, the association holds the fee simple or a long–term ground lease on the whole property; the buyer acquires shares in the association plus a long–term lease to occupy a unit, rather than fee simple title to the unit. The board of directors usually must approve the buyer (and need not limit its reasons to financial ability), and financing requires a pledge of the shares or a charge over the lease under the Personal Property Security Act (PPSA), which is harder to obtain than a conventional mortgage and often carries higher interest rates.

b. ✗ A cooperative does not deposit a strata plan; buyers do not receive separate fee simple title to their units and are not governed by the Strata Property Act.

c. ✗ Cooperative boards have broad discretion over prospective buyers, and the grounds for refusal need not relate to financial ability; moreover, the disclosure obligations under the Real Estate Development Marketing Act (REDMA) apply equally to sales of two or more cooperative interests.

d. ✗ When an association finances the building under a blanket mortgage, if some members default on their housing charges, remaining members must cover the shortfall to avoid foreclosure against the entire cooperative.

49′ answer d

a. ✗ Form F and fee simple lot transfers apply strictly to strata properties under the Strata Property Act; a cooperative transfers association shares and a long–term lease.

b. ✗ The cooperative board of directors has substantive power to approve buyers; even a financially qualified buyer may be rejected, so there is considerable uncertainty about the contract and its timeline.

c. ✗ Section 4(a) of the Residential Tenancy Act explicitly excludes residential premises rented by a non–profit housing cooperative to its members.

d. ✓ Cooperative transfers typically require board approval of the purchaser with wide discretion; additionally, under blanket mortgage financing, if several members in a small co–op default, remaining members must make up the deficit or risk foreclosure against the entire property.

Chapter 8 answers and reasons

50 answer a

a. ✓ Correct. Under the exam benchmark, if real estate is owned by a corporation and the transaction involves purchasing 100% of the shares of that corporation, it is treated as a trade in real estate requiring a real estate licence.

b. ✗ Purchasing only a partial shareholding in a corporation that owns real estate constitutes a securities transaction governed by the Securities Act and does not require a real estate licence (the trap is assuming that every share transaction is exempt from licensing).

c. ✗ Purchasing only equipment, customer lists, and chemical inventory without any real property title or lease assignment involves no real estate component and does not require a real estate licence.

d. ✗ If the target business owns no real property interests or leases, acquiring all of its shares does not require a real estate licence.

50′ answer c

a. ✗ An asset sale that includes an assignment of lease involves a real estate component and requires the representative to hold a real estate licence.

b. ✗ An asset package selling physical land and building directly involves real property and legally requires a real estate licence.

c. ✓ Correct. When an incorporated company owning real estate sells only a partial block of shares rather than 100% of its shares, the trade is a securities transaction governed by the Securities Act and is not a real estate trade, so no real estate licence is required.

d. ✗ Purchasing 100% of the issued shares of a corporation holding title to real estate is treated as a real estate trade requiring a licence, falling into the trap of assuming all share sales are exempt.

51 answer b

a. ✗ An incorporated company created by certificate of incorporation is a distinct legal entity, not a limited partnership; furthermore, a limited partner loses liability protection upon participating in daily management, falling into the trap of believing an LP shields all personal liability.

b. ✓ Correct. In a limited partnership (LP), a limited partner's liability is normally capped at their capital contribution, but a limited partner who participates in daily management loses that limited liability protection and becomes exposed to unlimited liability.

c. ✗ A limited partner participating in operations does not convert the partnership into a Personal Real Estate Corporation (PREC), which is a corporate vehicle used exclusively by licensed real estate representatives.

d. ✗ A limited partnership is a tax conduit whose profits flow through directly to partners' personal returns, and an LP does not convert into a corporation paying corporate taxes simply because a partner participates in management.

51′ answer d

a. ✗ In a general partnership, each partner acts as an agent for the partnership and bears joint and several unlimited liability for all partnership debts, regardless of whether they knew of or consented to the contract.

b. ✗ Limiting liability to initial capital contribution applies only to inactive limited partners or corporate shareholders; general partners bear unlimited personal liability, falling into the liability shield trap.

c. ✗ A general partnership is not a separate incorporated entity that pays corporate tax or absorbs debts independently; creditors can pursue the personal assets of the partners.

d. ✓ Correct. In a general partnership, partners act as agents for the partnership within the scope of partnership business and are jointly and severally liable to an unlimited extent for all debts of the partnership, even if a partner did not know of or consent to the debt.

52 answer c

a. ✗ Commission can be recognized at subject removal only if the contract specifies that services are fully performed upon subject removal; under these specific terms requiring completion, the commission was not yet earned in November.

b. ✗ Under the accrual basis and revenue recognition principle, revenue is recognized when earned rather than when cash clears the bank, falling into the trap of treating cash receipt as revenue recognition.

c. ✓ Correct. Under the accrual basis of accounting, revenue is recognized when earned. Because the contract states that no commission is payable if the sale fails to complete for any reason, the brokerage earns the commission only when title transfers upon completion in December.

d. ✗ The matching principle requires expenses to be recognized alongside related revenues or allocated over benefiting periods, rather than arbitrarily spreading a single commission earned upon completion across multiple months.

52′ answer a

a. ✓ Correct. The matching principle requires expenses that provide multi-period benefits and are not directly tied to a specific sale (such as annual property insurance) to be allocated over the periods that receive benefit, rather than expensing the entire cash payment in January.

b. ✗ The materiality principle permits expensing low-value items immediately, which is the exact opposite of amortizing a substantial annual insurance premium over twelve months.

c. ✗ The cost principle governs recording assets at historical acquisition cost rather than revaluing policies to replacement cost quarterly.

d. ✗ Expensing the entire insurance premium in January simply because the cheque was issued reflects the cash basis of accounting, violating accrual accounting and the matching principle.

53 answer b

a. ✗ Under the cost principle, assets are not recorded at appraised fair market value; whether the buyer paid less or more than the market value, the balance sheet records the price actually paid (the trap of treating net book value as market value).

b. ✓ Correct. Under the cost principle and objectivity principle, assets are recorded at their historical cost ($680,000) based on objective, third-party verifiable transaction evidence on the purchase date.

c. ✗ Under the accounting equation (Assets = Liabilities + Owner's Equity), the full purchase price of $680,000 is recorded as an asset while the $510,000 mortgage is recorded as a liability; assets cannot be limited to the down payment.

d. ✗ Canadian private enterprises using ASPE record assets upon acquisition under historical cost and accrual rules, rather than waiting until mortgage debt is paid off.

53′ answer d

a. ✗ Capital Cost Allowance (CCA) is strictly a statutory tax depreciation system for CRA tax returns and cannot substitute for GAAP (IFRS or ASPE) financial reporting.

b. ✗ IFRS is mandatory only for publicly accountable enterprises with publicly traded securities, and the Accounting Standards Board (AcSB) maintains both IFRS and ASPE without having abolished ASPE.

c. ✗ ASPE adheres to the cost principle (historical cost less accumulated depreciation) and does not permit periodic fair market value revaluations of property and equipment, falling into the net book value trap.

d. ✓ Correct. While publicly accountable enterprises must adopt IFRS, private enterprises may choose between IFRS and ASPE; the vast majority of private real estate brokerages select ASPE for cost-effectiveness and administrative simplicity.

54 answer b

a. ✗ Land is non–depreciable, and mortgage principal repayment of $10,200 reduces a balance sheet liability (a financing cash outflow) rather than being deducted as an expense on the income statement.

b. ✓ Correct. Land cannot be depreciated, while the building is depreciated at $460,000 / 40 = $11,500 per year using straight–line depreciation; the income statement expenses only mortgage interest ($29,800), while principal repayment ($10,200) appears on the balance sheet and financing cash flows; for income tax returns, CRA requires Capital Cost Allowance (CCA) instead of accounting depreciation.

c. ✗ Depreciation is a non–cash expense that is added back on the statement of cash flows rather than subtracted, and tax filing requires CCA rather than straight–line accounting depreciation.

d. ✗ Mortgage principal repayment reduces the mortgage liability on the balance sheet, while mortgage interest is expensed on the income statement; this option completely reverses their financial statement destinations.

54′ answer a

a. ✓ Correct. The three statements link together: net profit of $6,500 from the income statement is added to owner's equity on the balance sheet; accumulated depreciation of $11,500 reduces the building's carrying amount on the balance sheet ($460,000 – $11,500 = $448,500); and because depreciation involves no cash outflow, it is added back to net profit on the indirect cash flow statement.

b. ✗ Land is recorded at historical cost ($220,000) and cannot be depreciated, while net profit flows into owner's equity; neither amount reduces the carrying value of land.

c. ✗ Depreciation is an accounting allocation of historical cost, not cash set aside in a bank account or a cash outflow, falling into the cash outflow misconception.

d. ✗ Net profit increases owner's equity rather than current liabilities, and accounting depreciation does not replace the requirement to compute Capital Cost Allowance (CCA) for income tax purposes.

55 answer d

a. ✗ Client deposits held in a trust account belong to third parties and cannot be included as assets on the brokerage's corporate balance sheet under the business entity concept (only earned commissions not yet withdrawn constitute brokerage assets).

b. ✗ The current ratio of $95,000 / $33,000 = 2.88 exceeds 1.0 (current assets exceed current liabilities), and the debt ratio of $48,000 / $135,000 = 35.6% is well below 100% (total assets exceed total liabilities), indicating a healthy position that does not trigger intervention.

c. ✗ The debt–to–equity ratio is calculated as total liabilities divided by shareholders' equity ($48,000 / $87,000 = 0.55), showing moderate leverage where liabilities are significantly less than equity.

d. ✓ Client funds held in the trust account are not the brokerage's own assets (only earned commissions not yet transferred out can be shown as receivables or cash); and because current assets exceed current liabilities (current ratio about 2.88) and total assets exceed total liabilities (liabilities about 35.6% of assets), the brokerage does not reach the Rules s.76(1)(c) intervention line (current liabilities exceeding current assets, or total liabilities exceeding total assets).

55′ answer b

a. ✗ Excluding unearned client trust deposits from the brokerage's balance sheet is standard compliance with the business entity concept and Rules s.79(2), not a violation.

b. ✓ Correct. Under the current Rules s.76(1)(c), regulatory intervention by the superintendent is triggered if the brokerage's year-end current liabilities exceed its current assets (current ratio under 1.0) or its year-end total liabilities exceed its total assets (liabilities above 100% of assets); other triggers include a declaration of insolvency or a negative balance in the trust ledger.

c. ✗ Filing annual financial statements, an accountant's report, and a brokerage activity report within 120 days after fiscal year-end is standard compliance under Rules s.75(1) and does not trigger intervention.

d. ✗ A current ratio of 2.88 and a debt-to-equity ratio of 0.55 indicate strong liquidity and modest leverage, fully satisfying regulatory solvency requirements.

56 answer a

a. ✓ Correct. When assisting with a business acquisition, course guidance recommends obtaining three essential items: (a) an income statement for the last 12 months with a cutoff date no more than 120 days before the contract; (b) a balance sheet; and (c) a list of excluded assets, goods, and rights; if unavailable, the licensee should advise the client to seek professional accounting advice.

b. ✗ A licensee must not prepare their own informal business valuation from handwritten receipts or rely on book depreciation, but must inform the client that proper financial statements or professional accounting advice are required.

c. ✗ Guidance for business purchase due diligence requires a 12-month income statement dated within 120 days of the contract, a balance sheet, and a list of excluded assets, rather than solely reviewing personal tax returns.

d. ✗ A statutory declaration is what a brokerage holding no trust funds files in place of the accountant's report with its annual filing; the chemicals and supplies of a dry-cleaning business may well include obsolete or unusable stock, which needs professional assessment.

56′ answer c

a. ✗ Forty years represents the building's economic life in the depreciation example, whereas guidance requires a historical income statement covering the most recent 12 months rather than long-term projections.

b. ✗ Three consecutive fiscal years refers to the compliance period for a brokerage to qualify for a compilation engagement report, while business acquisition guidance mandates that the income statement date be within 120 days of the contract.

c. ✓ Correct. Course guidance recommends that the buyer obtain an income statement covering the business's most recent 12-month operating period, with a statement cutoff date no more than 120 days before the contract date.

d. ✗ Fifty-three weeks is the statutory upper limit for an annual corporate fiscal year, and handwritten personal bank withdrawals do not meet the minimum standards for a formal income statement and balance sheet.

Chapter 9 answers and reasons

57 answer a

a. ✓ Correct. Under both the exam benchmark and current rules, the discipline committee of a local real estate board operates strictly on the self-regulatory track and can only issue reprimands, fines, suspensions, or expulsions regarding board membership; it has no legal authority to suspend or cancel a real estate licence. Note: The exam benchmark identifies the Real Estate Council or the Superintendent as the licensing authority, whereas under current BC regulations, both merged into BCFSA on August 1, 2021, and only the superintendent of BCFSA has statutory authority to suspend or cancel a licence (RESA s. 43(2)).

b. ✗ Falls into the trap of confusing self-regulatory with statutory authority. Expulsion from membership and terminating access to the MLS® system is precisely the highest disciplinary penalty within the authority of a local real estate board.

c. ✗ Falls into the trap of confusing self-regulatory with statutory authority. Issuing a formal reprimand and ordering remedial ethics education are standard disciplinary penalties available to a local real estate board under the course manual.

d. ✗ Falls into the trap of confusing self-regulatory with statutory authority. Levying a membership fine and ordering the payment of hearing costs fall squarely within the jurisdiction of a local real estate board discipline committee.

57′ answer c

a. ✗ Falls into the trap of confusing self-regulatory with statutory authority. A local real estate board cannot suspend or cancel a real estate licence under any circumstances, even for a single day.

b. ✗ Falls into the trap of confusing self-regulatory with statutory authority. A real estate board controls only board membership and MLS® system access, and lacks statutory authority to suspend a licence.

c. ✓ Correct. A local real estate board can only suspend or expel a member from the board, whereas only the statutory regulator can suspend or cancel a real estate licence. Note: The exam benchmark attributes licensing authority to the Real Estate Council or Superintendent, while under current law that power belongs exclusively to the superintendent of BCFSA (with maximum discipline fines reaching $500,000 for brokerages and $250,000 for individuals).

d. ✗ Falls into the trap of confusing self-regulatory with statutory authority. This completely reverses the jurisdiction and regulatory instruments: the statutory regulator enforces RESA and the Rules over all licensees, whereas the real estate board enforces the REALTOR® Code exclusively over its members.

58 answer c

a. ✗ Violates the mandatory written form requirement. Rules s. 30(j) explicitly requires prompt, full written disclosure to the client; verbal notice paired with an internal personal diary note does not satisfy the statutory requirement.

b. ✗ Falls into the trap of assuming an embedded disclosure is valid. Rules s. 30(j) specifically dictates that conflict disclosure must be separate from the service agreement and separate from any agreement for the trade in real estate, rather than embedded as a clause inside a purchase agreement.

c. ✓ Correct. Under Rules s. 30(i) and (j), a licensee must take reasonable steps to avoid any conflict of interest; when an unavoidable conflict arises, the licensee must promptly make full written disclosure to the client, and that disclosure must be in a separate document apart from any service agreement or trade agreement to ensure informed client decision-making.

d. ✗ Violates the statutory timing requirement. Section 30(j) requires prompt disclosure as soon as the conflict arises, and delaying written disclosure until subject removal violates the licensee's statutory duty.

58′ answer b

a. ✗ Fabricates an arbitrary procedure. The Rules mandate an independent written disclosure document and do not require verbal reading before a notary public.

b. ✓ Correct. Rules s. 30(j) strictly mandates that conflict disclosure must be in a document separate from the service agreement and any trade agreement, because embedding it within contractual fine print or schedules risks being overlooked by the client when signing.

c. ✗ Falls into the trap of confusing regulatory tracks and delaying disclosure. Providing immediate separate written disclosure directly to the client is a statutory duty under s. 30(j) that cannot be substituted by post-completion reporting to a real estate board.

d. ✗ Distorts s. 31. Using a standard contractual schedule does not waive or satisfy the mandatory separate written conflict disclosure obligation under s. 30(j).

59 answer b

a. ✗ Falls into the trap of misapplying the principal trading exemption. The exemption under Rules s. 97 applies only to individuals licensed exclusively for rental property management or strata management; Derek holds a trading services licence and cannot claim this exemption.

b. ✓ Correct. While the exam benchmark cites Article 11 of the Code regarding general written disclosure, current Rules s. 53 mandates that whenever a licensee or associate acquires or disposes of real estate, the licensee must promptly disclose on a superintendent-approved form before any agreement is signed: licensee status, the relationship, expected remuneration, and whether the property will be kept for personal use, rented out, or resold (including any negotiated resale terms).

c. ✗ Falls into the timing error trap. Section 53 requires prompt disclosure before any agreement for the trade is entered into; disclosing after the seller accepts an offer constitutes a statutory breach.

d. ✗ Falls into the scope-narrowing trap. Both Rules s. 53 and current REALTOR® Code Article 29 explicitly apply whenever a licensee directly or indirectly acquires or disposes of real estate.

59′ answer a

a. ✓ Correct. Rules s. 97 exempts licensees trading on their own behalf only if they hold rental property management or strata management licences exclusively; trading services licensees like Fiona must strictly comply with s. 53 by providing the approved disclosure form before entering into an agreement, and current REALTOR® Code Article 29 confirms that trading as a principal remains subject to all Code duties.

b. ✗ Falls into the false exemption trap. Statutory requirements under RESA and Rules s. 53 apply across all of British Columbia regardless of local real estate board boundaries.

c. ✗ Falls into the false exemption trap. Waiving commission does not exempt a licensee from the mandatory statutory obligation under s. 53 to deliver the approved disclosure form when selling personal real estate.

d. ✗ Mismatches statutory numbers and sections. The residential tenancy exemption under s. 53 applies only to leases of one year or less without an option or right of first refusal, and is completely distinct from the licensing exemptions in s. 97.

60 answer d

a. ✗ Falls into the trap of misunderstanding dual agency rules. Under Rules s. 63(1), dual agency includes representing two or more clients in a trade who have conflicting interests, such as two competing buyers for the same property. Burnaby is not a remote and underserved location, so promising impartial treatment cannot legalize simultaneous representation.

b. ✗ Falls into the trap of misapplying the remote location exemption. The narrow exemption under s. 64 applies only to remote communities underserved by licensees where it is impracticable for parties to retain separate representation, not to standard urban or suburban transactions.

c. ✗ Violates the mandatory written consent procedure under s. 65. Continuing to represent one client requires the prior written agreement of all affected clients on the approved form; a licensee cannot unilaterally drop one client and keep the other.

d. ✓ Correct. While the older course manual treated dual agency as manageable through disclosure and agreement, BC has prohibited dual agency under Rules s. 63 since June 15, 2018 (including representing two competing buyers for the same property). Under s. 65, Hannah has only two lawful choices: represent neither buyer in this trade, or obtain the written agreement of both Mr. Alvarez and Ms. Brooks on the approved form and keep only one. The form must state the conflict and the duties the released client will lose, say that the licensee still holds that client's confidential information and may not disclose it so the advice the remaining client receives is limited, and recommend that each seek independent professional advice.

60′ answer b

a. ✗ Violates the non-waivable confidentiality rule. Under sections 31, 32, and 65, a licensee is strictly prohibited from disclosing a former client's confidential information to any other party.

b. ✓ Correct. Under Rules s. 65, the approved agreement must disclose: the nature of the conflict, the duties no longer owed to the released client, that the licensee holds confidential information from the released client that cannot be disclosed, that advice to the remaining client may consequently be limited, and advice that both clients seek independent professional advice.

c. ✗ Fabricates an ungrounded requirement. Section 65 and the approved agreement contain no provision requiring half of the commission to be paid to the terminated buyer.

d. ✗ Falls into the prohibited dual agency trap. The managing broker is equally bound by s. 63(1) and cannot step in to act as a dual agent representing two competing buyers.

61 answer b

a. ✗ Falls into the trap of following unlawful instructions. Rules s. 30(b) requires a licensee to obey only the lawful instructions of the client. An instruction to conceal a material latent defect is unlawful, and s. 30(b) does not protect compliance with it.

b. ✓ Correct. A municipal notice to remediate and the lack of required building permits fall squarely within the statutory definition of a material latent defect under Rules s. 59(1). While the older course manual framed latent defects as an ethical disclosure duty to third parties, current s. 59(3) explicitly dictates that if a client instructs the licensee not to disclose a material latent defect, the licensee must refuse to continue providing trading services to the client in respect of that trade, and must promptly notify their managing broker under s. 29(5).

c. ✗ Violates statutory timing and the mandatory cessation of services rule. Section 59(2) mandates disclosure before any agreement for the trade is entered into, and if the client refuses to disclose, the licensee must cease providing services immediately rather than completing the sale.

d. ✗ Falls into the unlawful waiver trap. A private indemnity waiver cannot override the statutory duty under s. 59(2) to disclose material latent defects to other parties, nor can it circumvent the mandatory cessation of services required by s. 59(3).

61′ answer c

a. ✗ Confuses patent defects with latent defects. Worn carpeting and scratched cabinets easily discoverable upon standard visual inspection are patent defects, not material latent defects that cannot be discovered upon reasonable inspection.

b. ✗ Falls into the external circumstance trap. Neighbourhood retail rumours do not constitute physical, structural, or municipal permit defects inherent to the real estate itself.

c. ✓ Correct. Rules s. 59(1) defines a material latent defect as a material defect that cannot be discovered through reasonable inspection, expressly including defects that make the real estate dangerous or potentially dangerous, unfit for habitation, or unfit for a purpose the other party has stated, defects that would involve substantial remediation expense, notices from local governments requiring work or remediation, and the lack of appropriate building or other permits.

d. ✗ Confuses cosmetic conditions with material latent defects. Visible paint colour is readily apparent on inspection and does not involve substantial remediation costs or hazardous conditions.

62 answer a

a. ✓ Correct. While the older course manual treated reporting misconduct as a voluntary complaint to a local real estate board, current Rules s. 29(5) requires a representative or associate broker who becomes aware of potential professional misconduct or conduct unbecoming to promptly notify their managing broker, and knowingly failing to report may itself constitute conduct unbecoming; direct reporting to BCFSA is appropriate when public risk is urgent, the managing broker cannot be reached, the licensee doubts the broker will act, or the broker is the wrongdoer.

b. ✗ Misinterprets the scope of reporting. Section 29(5) requires reporting misconduct by oneself, one's employees, or any person for whom the managing broker has responsibility under s. 28(2), and BCFSA guidance confirms an ethical duty to report misconduct of any real estate practitioner to one's managing broker.

c. ✗ Falls into the delayed reporting trap. Section 29(5) mandates prompt notification to the managing broker upon becoming aware of potential misconduct; waiting 30 days violates statutory reporting obligations.

d. ✗ Falls into the voluntary assumption trap. Under Rules s. 29(5), notifying the managing broker of potential misconduct is a mandatory statutory duty, not a voluntary discretionary action.

62′ answer d

a. ✗ Falls into the buck–passing trap. While s. 28 establishes supervisory duties for managing brokers, s. 29(5) places an independent statutory duty on representatives and associate brokers to promptly report misconduct.

b. ✗ Exaggerates regulatory violations into criminal offenses. Professional misconduct is an administrative licensing breach rather than a criminal felony, and the Financial Services Tribunal hears administrative appeals rather than prosecuting crimes.

c. ✗ Falls into the administrative penalty confusion trap. Administrative penalties are issued by BCFSA under RESA rather than by local real estate boards, and Category A penalties govern recordkeeping contraventions.

d. ✓ Correct. BCFSA regulatory guidance on the duty to report explicitly warns that a licensee who knowingly turns a blind eye to misconduct may have that failure deemed conduct unbecoming a licensee, subjecting them to disciplinary action.

63 answer c

a. ✗ Falls into the penalty confusion trap. A fine of $10,000 is the Category C administrative penalty for a subsequent contravention, and discipline orders are never appealed to CREA arbitration panels.

b. ✗ Confuses monetary ceilings and appellate bodies. The figure of $100,000 is the statutory ceiling for administrative penalties under RESA s. 56(2), not the maximum fine for discipline orders, and real estate boards cannot hear statutory discipline appeals.

c. ✓ Correct. While the older course manual mentioned fines generally without specifying dollar amounts, current RESA s. 43(2)(i), (j), and s. 43(2.1) set maximum discipline penalties at up to $500,000 for a brokerage and up to $250,000 for any other licensee per contravention, plus remuneration disgorgement; appeals of discipline orders lie to the Financial Services Tribunal under RESA s. 54(1)(e).

d. ✗ Confuses fixed ticket amounts with discipline orders. Amounts of $5,000 and $10,000 are fixed tariffs for Category C administrative penalties under Rules s. 27, whereas discipline orders carry statutory appeal rights to the Financial Services Tribunal under RESA s. 54.

63′ answer a

a. ✓ Correct. Administrative penalty tickets can only be issued for contraventions designated within Categories A through F under Rules s. 26; sections 33 (honesty), 59 (material latent defects), and 63 (dual agency) are not designated on that list, meaning breaches of those sections cannot be ticketed directly and must instead be addressed through discipline proceedings such as consent orders (RESA s. 41) or formal hearings (RESA s. 42).

b. ✗ Falls into the trap of confusing regulatory tracks. Sections 33, 59, and 63 are foundational statutory provisions of the Real Estate Services Rules, enacted by the province and enforced by BCFSA.

c. ✗ Cites an incorrect monetary ceiling. The statutory maximum administrative penalty under RESA s. 56(2) is $100,000, not $1,000.

d. ✗ Fabricates mandatory maximum fines without due process. Being excluded from the administrative ticket list means matters proceed through discipline where statutory limits ($250,000 or $500,000) are maximums rather than mandatory fines, and licensees retain hearing or consent order rights.

Chapter 10 answers and reasons

64 answer a

a. ✓ Under the exam rule, a contract respecting land that is not in writing is unenforceable rather than void; furthermore, Section 59(3)(b) of the current Law and Equity Act provides that paying or accepting a deposit or part payment constitutes an act of confirmation, allowing the court to enforce the contract.

b. ✗ Contract formation requires only seven essential elements, and a writing is not an essential element of formation but a procedural requirement of proof under Section 59 of the Law and Equity Act; lacking a writing does not render the contract void from the outset, reflecting the trap of confusing unenforceable with void.

c. ✗ Reaching an oral agreement respecting land does not violate public policy or criminal law, does not constitute an illegal contract, and does not trigger the penalty under illegal contracts where courts refuse to assist in recovering money paid.

d. ✗ The three-year period under Section 56 of the Land Title Act applies to the validity of registering a power of attorney and has no connection to the enforcement pathways for oral land contracts under Section 59 of the Law and Equity Act.

64′ answer c

a. ✗ Lacking a written form does not make the contract void, and the current statute has codified the principles of part performance and detrimental reliance.

b. ✗ An oral land agreement does not constitute an illegal contract, nor does it require retroactively executing an option agreement to become valid.

c. ✓ The exam rule emphasizes that contracts respecting land must generally be in writing to be enforceable; however, Section 59(3)(c) of the current Law and Equity Act expressly codifies the detrimental reliance pathway, making the contract enforceable where a party has reasonably altered their position in reliance on the contract such that non-enforcement would produce an inequitable result.

d. ✗ A penalty clause is unenforceable under contract law, and the BPCPA generally does not apply to contracts for the sale of land.

65 answer b

a. ✗ This is a classic trap of applying the postal rule to revocations: the postal acceptance rule applies only to acceptances, whereas revocation of an offer does not take effect upon posting and is effective only when actually communicated to the offeree.

b. ✓ Because the offer was made by mail, the buyer's mailed acceptance is governed by the postal acceptance rule and took effect the moment it was posted on Thursday morning; the seller's revocation took effect only when actually delivered to the buyer on Thursday afternoon, after a binding contract had already been formed.

c. ✗ So long as no separate consideration was paid to create an option agreement, an offeror retains the right to revoke the offer at any time before acceptance, even if the offer specifies that it will remain open until a particular time, provided the revocation is communicated before acceptance.

d. ✗ When the offeror selects the mail as the non-instantaneous medium of communication and does not specify that acceptance is conditional upon receipt, the mailed acceptance becomes effective upon posting rather than when the offeror opens and reads the letter.

65′ answer c

a. ✗ Courts do not examine the adequacy of consideration, and $1 and other valuable consideration is just as legally effective as $100,000 to support an option agreement.

b. ✗ While an ordinary offer can be revoked before acceptance if communicated, here the parties formed a binding option agreement supported by separate consideration, extinguishing the owner's right to revoke at will.

c. ✓ An option agreement is a separate contract where the offeror receives separate consideration (even $1) in exchange for a binding promise not to revoke the offer or sell to others during the agreed period; once formed, the offeror cannot revoke the underlying offer within that timeframe.

d. ✗ A valid option agreement is an independently binding contract, and an attempted unilateral revocation does not downgrade it into an invitation to treat.

66 answer c

a. ✗ The moment Ms. Wang presented the $700,000 counter-offer, Mr. Chen's original $680,000 offer was terminated as a matter of law, and nothing was revived.

b. ✗ Once an offer (including a counter-offer) is rejected by the offeree or revoked, it ceases to exist, and Mr. Chen cannot change his mind and accept it after having rejected it.

c. ✓ The making of the counter-offer terminated the original $680,000 offer, and Mr. Chen's subsequent rejection terminated the $700,000 counter-offer; with no live offer remaining on the table, Mr. Chen's purported acceptance was merely a new offer requiring Ms. Wang's acceptance to form a contract.

d. ✗ Quantum meruit applies where services have been rendered without an agreed remuneration, and cannot be used to impose a contract for the purchase and sale of real estate where mutual assent was never reached.

66′ answer a

a. ✓ Any alteration of terms by the offeree (such as changing $700,000 to $680,000) constitutes a counter–offer; once made, the counter–offer terminates the original $700,000 offer as a matter of law, preventing the buyer from later accepting it.

b. ✗ A mere inquiry does not modify terms; crossing out the price and returning the document is a classic counter–offer that terminates the original offer.

c. ✗ The original offer did not expire due to the passage of time; it was terminated the moment the buyer made the counter–offer, rendering the remaining deadline irrelevant.

d. ✗ A legal seal addresses the absence of consideration, but cannot revive an original offer that has already been terminated by a counter–offer.

67 answer d

a. ✗ A contract with an infant is not void from the outset, but rather unenforceable against the infant, representing the classic trap of confusing unenforceable with void.

b. ✗ Whether the other party knew of the incapacity is a factor under Section 60.2 of the Adult Guardianship Act regarding mentally incapacitated adults, whereas the protection of infants under Section 19(1) of the Infants Act is not affected by the adult party's lack of knowledge.

c. ✗ Contracts for the purchase and sale of real estate enjoy no statutory exemption from Section 19(1) of the Infants Act and remain unenforceable against the infant unless falling within one of the four statutory exceptions.

d. ✓ The age of majority in BC is 19; under Section 19(1) of the Infants Act, a contract entered into by an infant is unenforceable against the infant, but this protection is one–sided, meaning the infant may enforce the contract against the adult party.

67′ answer a

a. ✓ Under Section 60.2 of the Adult Guardianship Act, a property disposition by an incapacitated adult is voidable unless one of two exceptions applies: the transferee paid or secured full and valuable consideration, or at the time of the transfer a reasonable person would not have known that the adult was incapacitated.

b. ✗ Failing to repudiate within one year of attaining majority is an exception under Section 19(1) of the Infants Act concerning infants, not a rule under Section 60.2 of the Adult Guardianship Act.

c. ✗ If a court–appointed committee or an enduring power of attorney is in place, the individual lacks capacity to contract independently even if appearing lucid in conversation, as legal authority rests with the representative.

d. ✗ The exception under Section 60.2 of the Adult Guardianship Act explicitly requires full and valuable consideration, which nominal consideration of $1 or affixing a corporate seal cannot satisfy.

68 answer a

a. ✓ Remedies for innocent misrepresentation differ sharply from fraudulent misrepresentation: innocent misrepresentation does not support an award of damages, and the right of rescission can be exercised only before completion, expiring once the land transfer has completed.

b. ✗ Only fraudulent misrepresentation allows rescission at any time, including after completion; this illustrates the classic trap of confusing post–completion remedies for innocent and fraudulent misrepresentation.

c. ✗ Innocent misrepresentation cannot support a claim for damages; only fraudulent misrepresentation allows damages calculated under the law of torts.

d. ✗ Under the doctrine of privity of contract, the brokerage is not a party to the contract of purchase and sale, and specific performance serves to compel conveyance rather than remedy post–closing misrepresentations.

68′ answer c

a. ✗ A standard exclusion clause protects only against innocent misrepresentation and can never exclude liability for fraudulent misrepresentation.

b. ✗ Completion of the transaction extinguishes the right of rescission only for innocent misrepresentation; for fraudulent misrepresentation, the buyer may still seek rescission and damages after completion.

c. ✓ A seller who knowingly makes a false statement to induce a contract commits fraudulent misrepresentation: the buyer may seek rescission and/or damages in tort at any time (including after completion), and a standard exclusion clause cannot protect the seller from intentional deceit.

d. ✗ The parties to the purchase and sale contract are the seller and the buyer; licensees are not parties to the contract and, under the doctrine of privity of contract, cannot invoke contractual exclusion clauses for personal protection.

69 answer b

a. ✗ This reflects the common trap of assuming any condition precedent can be unilaterally waived: unilateral waiver requires that the condition was inserted solely for the benefit of the waiving party, and an offer to pay full cash does not override this requirement.

b. ✓ Under Section 54 of the Law and Equity Act, unilateral waiver of a condition precedent requires satisfying three conditions concurrently: the condition was inserted solely for the benefit of the waiving party, the contract can be performed without it, and waiver occurs before the deadline; a condition benefiting both parties requires mutual agreement to be waived.

c. ✗ The question stem expressly identifies municipal subdivision approval as a contractual condition precedent affecting whether the subdivided parcel can legally be conveyed, not a mere warranty.

d. ✗ Section 54 of the Law and Equity Act requires waiver to occur before the contractual deadline (or within a reasonable time if none is stated); once the deadline passes without fulfillment, the contract terminates.

69′ answer d

a. ✗ The three requirements under Section 54 of the Law and Equity Act must be satisfied concurrently; although the first two were met (sole benefit of buyer and contract performable without it), the third requirement regarding timing was breached.

b. ✗ Rosas v. Toca addresses consideration in consensual contractual variations, but does not permit one party to unilaterally revive a contract after a condition precedent has expired.

c. ✗ So long as it occurs before the deadline and satisfies the three statutory elements under Section 54 of the Law and Equity Act, the buyer may unilaterally waive in writing without requiring a court order for specific performance.

d. ✓ Under Section 54 of the Law and Equity Act, waiving a condition precedent requires satisfying three conditions concurrently, the third of which explicitly requires waiver before the contractual deadline; when Wednesday passed without fulfillment, the contract terminated due to non–fulfillment of a condition precedent.

70 answer c

a. ✗ Assigning a debt does not require the debtor's prior consent, and a statutory assignment requires only written notice to the debtor; lacking notice does not make the assignment void or illegal.

b. ✗ A statutory assignment must satisfy three requirements concurrently: in writing, absolute and unconditional, and given by written notice to the debtor; absent written notice, it cannot take effect as a statutory assignment.

c. ✓ 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 debtor; if any element is missing, it may still take effect as an equitable assignment, but the original creditor, assignee, and debtor must all be joined as parties to the action.

d. ✗ This illustrates the trap of confusing assignment of rights with vicarious performance: here the creditor assigns a right to receive money, whereas vicarious performance involves a debtor engaging another party to perform contractual duties.

70′ answer b

a. ✗ Specific performance is a discretionary equitable remedy rather than a standard common law remedy, and modern case law no longer presumes that every mass-produced development unit is unique.

b. ✓ Specific performance is a discretionary equitable remedy available only where damages are inadequate and the subject property is truly unique; recent judicial trends no longer presume that mass-produced residential properties are unique, limiting the buyer to damages unless the property is shown to be irreplaceable to them.

c. ✗ Contract law does not enforce punitive penalty clauses, and a mandatory injunction directs a party to perform a positive act rather than imposing imprisonment.

d. ✗ The rule in Hadley v. Baxendale governs the foreseeability of damages, rather than serving as grounds to dismiss an action entirely when specific performance is sought.

Chapter 11 answers and reasons

71 answer b

a. ✗ Incorrect. A contract respecting land that fails to satisfy the writing requirement of section 59 of the Law and Equity Act is not enforceable; it is never void, voidable, or illegal. This illustrates the trap of confusing void with unenforceable.

b. ✓ Correct. Under section 59 of the Law and Equity Act, an unwritten land contract is not void, but generally unenforceable. However, sections 59(3)(b) and 59(4) establish an act exception: a buyer paying a deposit or a seller accepting a deposit or part payment constitutes an act establishing that a contract was made, allowing Marcus to enforce the contract against Clara despite her lack of signature.

c. ✗ Incorrect. The exemption under section 59(2) applies strictly to a lease for a term of three years or less and does not exempt contracts for the sale of land.

d. ✗ Incorrect. First, accepting the deposit triggers the statutory act exception under sections 59(3)(b) and 59(4), rendering the contract enforceable. Second, even when declaring a contract unenforceable, section 59(5) grants the court express authority to order restitution of benefits received and compensation for expenses incurred.

71′ answer d

a. ✗ Incorrect. The statutory consequence under section 59 is that the contract is not enforceable rather than void, and leases for three years or less are completely exempt from section 59. This falls into the trap of confusing void with unenforceable.

b. ✗ Incorrect. This completely reverses the applicable rules: the two-year lease falls within the statutory exemption for leases of three years or less and is enforceable without writing, whereas the oral acreage sale lacks writing, acts, or reliance exceptions and is therefore unenforceable.

c. ✗ Incorrect. An oral contract to sell land is not illegal and is not subject to administrative penalties under the Real Estate Services Rules; it simply cannot be enforced in a court of law.

d. ✓ Correct. Sections 59(2)(a) and (b) of the Law and Equity Act exclude leases for a term of three years or less from the writing requirement, so the oral two-year lease is fully enforceable. In contrast, the oral agreement to sell vacant acreage lacks writing and does not trigger any act or reliance exceptions under section 59(3); although the contract exists (it is not void), it cannot be enforced in court.

72 answer c

a. ✗ Incorrect. Although a licensee owes a duty of loyalty to their client, section 59 of the Real Estate Services Rules imposes a strict mandatory duty to disclose known material latent defects and prohibits concealment. A client's instruction not to disclose is never a lawful defense for remaining silent while continuing to act.

b. ✗ Incorrect. Section 59(2) of the Rules explicitly mandates that a licensee representing a disposing party must disclose known material latent defects to every other party to the trade promptly before an agreement is entered into.

c. ✓ Correct. A defect subject to a local government notice requiring substantial remediation that is not discoverable upon reasonable inspection qualifies as a material latent defect under section 59(1) of the Real Estate Services Rules. Under sections 59(2) and (3), a licensee representing the seller must disclose it to other parties before an agreement is made; if the client instructs the licensee not to disclose, the licensee must refuse to provide further trading services to the client in respect of the trade.

d. ✗ Incorrect. Section 59(2) mandates disclosure to every other party to the trade; disclosing only to the listing brokerage's managing broker does not satisfy the statutory obligation to disclose to prospective buyers.

72′ answer a

a. ✓ Correct. A lack of required municipal building permits constitutes a material latent defect under section 59(1) of the Real Estate Services Rules. However, section 59(4) establishes an exception: if the other party to the trade has already received written disclosure of the defect from the client, the licensee is not required to provide a separate disclosure.

b. ✗ Incorrect. Properties with material latent defects are not barred from being sold; they may be traded lawfully provided proper disclosure is made before an agreement is entered into. A licensee must refuse to act only when the client instructs concealment.

c. ✗ Incorrect. The 10% builders lien holdback is governed by the Builders Lien Act for construction payments and has no connection to material latent defect disclosure requirements.

d. ✗ Incorrect. The Home Buyer Rescission Period cannot be waived pursuant to section 7 of the Regulation and operates as an entirely separate legal framework from latent defect disclosure.

73 answer a

a. ✓ Correct. In contract law, a term regarded by the parties as subsidiary is a minor term (historically termed a warranty at common law). A breach of a minor term entitles the innocent party only to claim damages and does not release them from their own contractual obligations; therefore, the buyer must still complete the purchase.

b. ✗ Incorrect. Only a breach of an essential term (condition) entitles the innocent party to treat the contract as terminated. Refusing to complete due to a breach of a minor warranty would make the buyer guilty of wrongful repudiation. This reflects the trap of mismatching term classification with breach remedies.

c. ✗ Incorrect. A minor term (warranty) written into a Contract of Purchase and Sale is legally binding, and the innocent party can sue for monetary damages upon breach without needing to register a charge in the land title office.

d. ✗ Incorrect. The 7% figure applies to statutory builders lien holdbacks when purchasing strata lots from a developer, and deposits held in trust are protected under sections 28 and 30 of RESA, preventing any unilateral deduction by a buyer.

73′ answer c

a. ✗ Incorrect. Casual oral remarks made during a viewing do not automatically survive completion into the contract, nor do they become essential terms (conditions) permitting contract termination after completion. This illustrates the trap of mismatching term classification with breach remedies.

b. ✗ Incorrect. The Homeowner Protection Act governs statutory warranties for new homes and does not apply to casual representations made by sellers of ordinary resale homes.

c. ✓ Correct. Oral statements made by a seller during a viewing generally do not form part of the contract after completion. To enable a buyer to rely on such assurances after closing, the licensee should draft them into the contract as an express warranty. Although courts may occasionally recognize a collateral warranty, establishing that a statement was a binding contractual promise rather than a non–promissory representation carries an exceptionally high evidentiary bar and must never be relied upon as a primary strategy.

d. ✗ Incorrect. Form B is an Information Certificate issued by a strata corporation, and 60 days represents the validity period of a Form F Certificate of Payment; neither has any application to oral representations concerning a detached house.

74 answer d

a. ✗ Incorrect. Disciplinary decisions in the course manual make clear that a licensee and brokerage become stakeholders immediately upon receiving a deposit cheque. The fact that the cheque has not yet cleared or been deposited into the trust account does not alter this stakeholder status. Returning the physical cheque without authorization is a serious breach, illustrating the trap of releasing deposits without authority.

b. ✗ Incorrect. Although a failure to pay a deposit permits the seller to elect to terminate the contract under a condition subsequent, that election belongs solely to the seller client. A licensee must never unilaterally destroy a cheque or declare the contract terminated on behalf of a client.

c. ✗ Incorrect. Section 27 of the Real Estate Services Act requires licensees to deliver received funds promptly to their brokerage, which must deposit them promptly into a trust account. Holding a cheque in a desk drawer without depositing it while withholding information from the seller breaches statutory duties.

d. ✓ Correct. Under sections 27 and 28 of the Real Estate Services Act and course manual disciplinary precedents, a licensee becomes a stakeholder the moment the deposit cheque is received and cannot return it without express agreement from all parties. When faced with a stop payment or NSF notification, the compliant procedure is to refuse to return the cheque, deposit it into the trust account as required, promptly notify the seller's side, and advise the seller to obtain legal advice. (Note: Under the course manual, funds can leave a trust account only through a signed mutual release or payment into court; current RESA section 30(2)(c) provides a third statutory release route for the Home Buyer Rescission Period fee and balance refund.)

74′ answer b

a. ✗ Incorrect. The stakeholder provisions in section 28 of the Real Estate Services Act govern only licensed brokerages and licensees acting under that Act; a buyer's lawyer is not automatically bound by section 28 of RESA.

b. ✓ Correct. The stakeholder rules under RESA apply exclusively to licensed entities under the statute. A buyer's lawyer acts for the buyer and, absent a formal written stakeholder undertaking provided to the seller, may release funds back to the buyer without the seller's consent. Therefore, a seller's licensee must insist on deposit payment into a brokerage trust account unless an acceptable solicitor's undertaking is secured.

c. ✗ Incorrect. A deposit is not even an essential element for contract formation (consideration consists of the mutual exchange of promises), and where the deposit is held does not cause a written agreement to violate section 59 of the Law and Equity Act. This reflects the trap of confusing void with unenforceable.

d. ✗ Incorrect. Section 27(4) of RESA and section 68 of the Real Estate Services Rules expressly permit the parties to agree in a separate written agreement that deposit money is not to be held by the brokerage, provided the funds are made payable directly and delivered promptly to the designated third–party payee.

75 answer b

a. ✗ Incorrect. In Mark 7 Developments Ltd. v. Peace Holdings Ltd., the BC Court of Appeal firmly established that a deposit cannot serve as separate consideration for an irrevocable option (since a deposit is credited toward the purchase price upon completion or forfeited upon breach, it cannot support an irrevocable promise to keep an offer open). This illustrates the trap of treating a subjective condition as a binding contract.

b. ✓ Correct. Under the three–tier classification established in Wiebe v. Bobsien and the 1982 course manual precedent, a clause making a contract subject to the buyer's corporate president approving the price and terms is a wholly subjective condition (whim and fancy clause). Absent a seal or separate consideration for an option, no binding contract is formed in law; the arrangement remains merely an offer (only the buyer removing the condition would amount to acceptance), so the seller is entitled to withdraw it before the president approves.

c. ✗ Incorrect. A time clause is an instrument used when a binding contract has formed or where the seller is bound by an option to compel early subject removal. Here, because the document was unsealed and the condition was wholly subjective, no contract existed and the seller could revoke immediately.

d. ✗ Incorrect. The 0.25% rescission fee applies to a buyer exercising rescission rights under the residential Home Buyer Rescission Period and has no relevance to commercial transactions, subjective clauses, or seller revocation rights.

75′ answer a

a. ✓ Correct. When a condition precedent contains objective criteria, a binding contract is formed with principal obligations suspended. The law implies a contractual term requiring the party for whose benefit the condition is inserted to take reasonable, honest, and good faith steps to satisfy it. By deliberately failing to apply for financing, the buyer breached this implied obligation, entitling the seller to retain the deposit as damages.

b. ✗ Incorrect. A financing clause containing clear objective terms is not a whim and fancy clause; the buyer has no arbitrary discretion to refrain from applying for a mortgage and walk away without liability. This represents the converse misconception of treating subjective conditions as contracts.

c. ✗ Incorrect. Intentionally sabotaging a condition precedent breaches the implied obligation to take reasonable steps to fulfill it, allowing the seller to retain the deposit as damages; it is not treated as a minor warranty breach requiring cash completion.

d. ✗ Incorrect. Removing or waiving a condition precedent requires written notice, and here the buyer was attempting to terminate the contract rather than waive the condition to proceed with the purchase.

76 answer c

a. ✗ Incorrect. Standard Assignment Terms do not prohibit assignments by law; clients have the statutory right to instruct their licensee in writing to omit them, provided the mandatory disclosure and notice procedures are completed.

b. ✗ Incorrect. Quite the opposite: under section 8.2(2) of the Real Estate Services Regulation, developer contracts marketing pre-sale development units under REDMA are exempt from section 8.2, making resale residential contracts the primary target of these rules. This falls into the trap of confusing course manual rules with pre-sale regulations.

c. ✓ Correct. Under sections 8.2(4) through (7) of the Real Estate Services Regulation, if a proposed contract omits either Standard Assignment Term (no assignment without the seller's written consent, and assignment profits go to the seller), the buyer's licensee must deliver, together with the offer, a notice separate from the contract on a form approved by the superintendent, advising the seller to obtain independent professional advice before signing. The seller's licensee must then give this notice to the seller and explain that the terms are omitted, whether the contract can be assigned and on what conditions, and whether the seller is entitled to any assignment profit. (Note: The course manual says the form is approved by RECBC, whereas under current law it is approved by the BCFSA Superintendent.)

d. ✗ Incorrect. The 0.25% fee applies to the Home Buyer Rescission Period, and CSAIR is a reporting registry for pre-sale residential strata assignments; neither has any connection to the statutory notice procedures for omitting Standard Assignment Terms in resale transactions.

76′ answer d

a. ✗ Incorrect. Three business days pertains to the Home Buyer Rescission Period and 7% applies to developer strata builders lien holdbacks; neither represents the content of the Standard Assignment Terms.

b. ✗ Incorrect. The Standard Assignment Terms require written seller consent for any assignment and entitle the seller to all assignment profits. If a buyer wishes to retain assignment rights to an affiliate or family member, they must provide written instructions to amend the terms and follow the statutory notice procedure.

c. ✗ Incorrect. Sixty days is the validity period for a Form F Certificate of Payment and 10 years is the new home structural warranty duration; neither relates to Standard Assignment Terms.

d. ✓ Correct. Under section 8.2(3) of the Real Estate Services Regulation, the Standard Assignment Terms require that: (1) the contract must not be assigned without the written consent of the seller; and (2) the seller is entitled to any profit resulting from an assignment of the contract by the buyer or any subsequent assignee.

77 answer a

a. ✓ Correct. Under the course manual position, section 45 of the Competition Act is a criminal conspiracy offence punishable by up to 14 years imprisonment or a discretionary fine, whereas section 90.1 is a civil provision that can be brought only by the Commissioner of Competition against agreements between competitors, carrying no fines or imprisonment (only remedial orders such as prohibition orders). Under current law, following three rounds of amendments between 2022 and 2024, section 90.1 has been substantially rewritten: section 90.1(1.3) permits administrative monetary penalties (up to the greater of $10,000,000, or $15,000,000 for subsequent orders, and either three times the benefit derived from the agreement or 3% of annual gross global revenue), section 90.1(1) permits private applications with leave under section 103.1, and section 90.1(1.01) no longer requires all parties to be competitors.

b. ✗ Incorrect. This completely reverses the criminal and civil provisions: imprisonment up to 14 years applies to criminal conspiracy under section 45, whereas $2,500 represents the rescission fee on a $1,000,000 property under the Home Buyer Rescission Period. This illustrates the trap of confusing course manual rules with modern regulations.

c. ✗ Incorrect. Section 45(3) of the Competition Act explicitly allows a court to infer the existence of a conspiracy from circumstantial evidence, provided the overall evidence satisfies the criminal standard of proof beyond a reasonable doubt.

d. ✗ Incorrect. Agreements between competing brokerages to fix or maintain commission rates or allocate sales territories and clients represent classic criminal conspiracy offences under section 45(1).

77′ answer b

a. ✗ Incorrect. Section 45(3) expressly permits a court to infer the existence of a conspiracy from circumstantial evidence; an informal understanding or gentlemen's agreement is fully sufficient to constitute criminal conspiracy.

b. ✓ Correct. Under sections 45(1) and (2) of the Competition Act, entering into an agreement with competitors to fix or maintain prices (including commission rates) or to allocate sales, territories, customers, or markets constitutes an indictable criminal conspiracy punishable by up to 14 years imprisonment, a discretionary fine, or both. (Note: The 2022 amendments added section 45(1.1), which also brings wage-fixing and no-poaching agreements between unaffiliated employers within this criminal offence.)

c. ✗ Incorrect. Disclosing commission terms to a client is a regulatory requirement for individual service agreements under section 43 of the Real Estate Services Rules; it cannot legalize a criminal conspiracy between competitors to fix prices or divide markets.

d. ✗ Incorrect. Section 45 is a serious federal criminal offence carrying up to 14 years imprisonment and uncapped fines; it has nothing to do with the 60-day validity period of a strata Form F.

Chapter 12 answers and reasons

78 answer a

a. ✓ Correct. For an unrepresented party (called a non–client on the current BCFSA consumer disclosure form), a licensee may provide limited trading services outside an agency relationship. That includes giving general market information and standard forms, helping the person complete a standard form as that person directs (but giving no advice on price or terms), and passing offers and counter–offers between that person and the client.

b. ✗ This is the unrepresented–party overstep trap. Advising an unrepresented party on an offer price, or revealing a price the seller might accept, crosses the line into implied agency with the buyer and so triggers dual agency prohibited by s.63. It also breaches the duty of loyalty and the duty of confidentiality owed to the seller client.

c. ✗ This is the unrepresented–party overstep trap. Drafting a protective clause tailored for an unrepresented party and negotiating for that person goes beyond the limited service of helping to complete a standard form. It directly creates implied agency and leads to prohibited dual agency.

d. ✗ This is both the confidentiality and defect mix–up trap and the unrepresented–party overstep trap. The seller's financial hardship is protected confidential information. Revealing it to an unrepresented party is a serious breach of fiduciary duty and also slides the conduct into implied dual agency.

78′ answer c

a. ✗ This is a reverse distractor for the unrepresented–party overstep trap. Giving an unrepresented party objective general market statistics (general market information) is compliant limited service and does not create implied agency.

b. ✗ This is a reverse distractor for the unrepresented–party overstep trap. Explaining standard form wording and estimating ordinary purchase closing costs is factual limited service that may be given to an unrepresented party.

c. ✓ Correct. Once a licensee gives an unrepresented party (unrepresented party / non–client) pricing–strategy advice or negotiates for that person, the conduct overrides the earlier unrepresented–party disclosure and creates implied agency. The licensee then owes mutually exclusive fiduciary duties to both the buyer and the seller, which directly breaches the dual agency ban in current Rule s.63 (former 5–16).

d. ✗ This is a reverse distractor for the unrepresented–party overstep trap. Transmitting offers between an unrepresented party and the client is both permitted limited service and the statutory duty under s.30(g) to present all offers to the seller client promptly.

79 answer b

a. ✗ This is the client–conflict handling trap. Rule s.65 expressly prohibits, when two existing clients conflict, converting one of them into an unrepresented party and continuing to provide limited services to that person.

b. ✓ Correct. Under current Rule s.65 (former Rule 5–18), representing two buyer clients who have a conflict of interest in the same trade is dual agency. The licensee has only two choices: (a) stop providing services to both for that trade and refer them out; or (b) at the moment the conflict arises (it cannot be signed in advance), obtain the written consent of all affected clients and sign a three–party Agreement Regarding Conflict of Interest Between Clients, continue to represent only one of them, and still owe a permanent duty of confidentiality to the released client.

c. ✗ This is the client–conflict handling trap. The Agreement Regarding Conflict of Interest Between Clients may be signed only when the conflict arises. It must never be signed in advance when the agency is first created. Beforehand, the licensee may only tell the clients, orally or in writing, the principle that will apply if they later collide.

d. ✗ This is both the unrepresented–party overstep trap and the client–conflict handling trap. The stem expressly says the property is in a major urban centre. That does not meet the s.64 exception, which requires a remote area underserved by licensees where engaging another licensee is not objectively feasible.

79′ answer a

a. ✓ Correct. Under current Rule s.65(1)(b), continuing to represent only one client requires the written consent of all clients (a three–party agreement among the licensee, the client who continues to be represented, and the released client). If either party refuses to sign, the only compliant result is s.65(1)(a): stop providing trading services to both clients for this trade and refer both to other licensees.

b. ✗ This is the client–conflict handling trap. s.65(3) requires a three–party agreement because the client who continues to be represented (Devon) is also affected. The licensee cannot disclose the released client's confidential information to him, so the advice that can be given is limited. Devon must also sign and consent.

c. ✗ This is the client–conflict handling trap. Whichever client the licensee would represent, both clients' joint written consent is required. If Devon refuses to sign, Leo cannot represent either party.

d. ✗ This is the confidentiality and defect mix–up trap. The duty of confidentiality to the released client continues permanently. Revealing Carla's maximum price directly breaches s.30(e) and s.65(3).

80 answer d

a. ✗ This is the confidentiality and defect mix–up trap. The duty to obey instructions covers only lawful instructions. The duty of confidentiality protects only the client's personal information. It must never be used to conceal a material latent defect in the property itself.

b. ✗ This is the confidentiality and defect mix–up trap. It breaches the s.59 requirement to disclose before any agreement for acquisition or disposition is entered into. When the client has clearly refused disclosure, the licensee also cannot keep acting and then act behind the client's back.

c. ✗ This is both the old–versus–current version and section–number trap and the confidentiality and defect mix–up trap. Under s.52 and s.59, disclosure of a material latent defect must be in writing and separate from the contract of purchase and sale. Writing a vague clause into the contract terms does not complete the disclosure.

d. ✓ Correct. Under current Rule s.59(1) (former 5–13), a defect that cannot be discovered on a reasonable inspection and that requires expensive repairs, or that is already the subject of a local government notice requiring repairs, is a material latent defect. Under s.59(3), when a client instructs the licensee to conceal a known material latent defect, the licensee must stop providing trading services to that client for that trade.

80′ answer b

a. ✗ This is the old–versus–current version and section–number trap. s.52 and s.59 require a material latent defect to be disclosed in writing. An oral statement is not compliant.

b. ✓ Correct. Lack of a required municipal building permit is one of the four kinds of material latent defect defined in Rule s.59. Under s.52 and s.59(2), the licensee must disclose it promptly, before any agreement for acquisition or disposition is entered into, in writing and in a document kept separate from the contract of purchase and sale, to every other party to the trade (it need not be repeated if that party has already received the same written disclosure from the seller personally).

c. ✗ This is the old–versus–current version and section–number trap. Under s.52, disclosure of a material latent defect must be separate from any contract giving effect to a trade. Writing it into the contract of purchase and sale does not complete the statutory disclosure.

d. ✗ This is the old–versus–current version and section–number trap. The s.59 disclosure is made to every other party to the trade (for example, the buyer), and it must be given before an agreement is entered into. It is not filed with the superintendent after completion.

81 answer c

a. ✗ This is the old–versus–current version and section–number trap. The 2020 exam materials did not yet contain the team provisions. Current Rule s.42.4, in force from 2023–04–01, requires the brokerage to designate every member of a registered team as a designated agent for each client of the team. Members inside the team are therefore not different designated agents.

b. ✗ This is the old–versus–current version and section–number trap. Physical office location and file separation do not matter. If they belong to the same registered real estate team, every member is in law jointly a designated agent for each client of the team. They cannot split sides inside the team.

c. ✓ Correct. Under current Rule s.42.4 (in force from 2023–04–01; the old exam materials have no such block), the brokerage must, under s.32, jointly designate every member of a registered team as a designated agent for any client of the team. One team member representing the seller while another represents the buyer is the same as one set of designated agents representing both sides at once. That is dual agency prohibited by s.63. Under s.65, both parties must be referred out of the team, or only one side may be kept with both parties' written consent.

d. ✗ This is the old–versus–current version and section–number trap. The rules contain no team firewall declaration that avoids the legal result that every team member is a designated agent. The old Real Estate Council has long been replaced by the current regulator, BCFSA.

81′ answer a

a. ✓ Correct. Under current Rules s.32 (former 3–3.2) and s.63(2) (former 5–16(2)), in designated agency, as long as the two licensees are not the same person and are not in the same registered real estate team, the same brokerage designating different licensees to represent the buyer and the seller is not dual agency. The brokerage need only, under s.32(4), keep both sides' confidences and treat both sides' interests in an even–handed, objective and impartial way.

b. ✗ This is the old–versus–current version and section–number trap. The dual agency ban of 2018–06–15 prohibits the same designated agent (or the same team) from representing both conflicting parties at once. Because designated agency was introduced in 2012, different designated agents at the same brokerage who are not on the same team may lawfully represent the buyer and the seller separately.

c. ✗ This is the unrepresented–party overstep trap. Different designated agents at the same brokerage representing opposite sides is not dual agency at all (s.63(2)), so the s.64 remote–area dual agency exception does not have to be met.

d. ✗ This is the client–conflict handling trap. The s.65 Agreement Regarding Conflict of Interest Between Clients is for a collision between two clients of the same designated agent (or the same team). A brokerage can never be released from the duty of confidentiality (s.32(4)).

82 answer d

a. ✗ This is the authority and signing–form trap. The listing has expired and the parties did not make a new express authority agreement. The nod was directed at a third–party tenant. The question is about apparent authority and estoppel toward that third party, not express actual authority.

b. ✗ This is the authority and signing–form trap. Quantum meruit is the principle a court uses to set a reasonable fee between principal and agent when no amount of remuneration was agreed. It is not a way of creating agency that binds the principal to a third–party contract.

c. ✗ This is the authority and signing–form trap. When an agency contract ends by expiry, the agent's actual authority, including customary authority, is revoked. There is no automatic statutory power to bind a former client.

d. ✓ Correct. Agency by estoppel (which corresponds to apparent authority as to the scope of authority) requires three elements, and all three are necessary: a representation by the principal's words or conduct (Mr. Lin was present, heard it, and nodded), reasonable reliance by the third party, and an alteration of position by the third party as a result (giving up another premises and signing).

82′ answer a

a. ✓ Correct. Ratification means the agent acted without authority or beyond authority, and the principal later agrees to be bound, with retroactive effect. In practice a licensee must never count on ratification. If the client refuses to ratify, liability for exceeding authority (breach of the warranty of authority) falls entirely on the licensee.

b. ✗ This is the authority and signing–form trap. Estoppel requires that the principal first made a representation to the third party that led the third party to believe the agent had authority. In this question the principal knew nothing beforehand and later chose to ratify.

c. ✗ This is the authority and signing–form trap. Implied actual authority is limited to acts necessary for and incidental to carrying out the express authority. Buying a commercial warehouse in another city plainly contradicts the express authority.

d. ✗ This is the old–versus–current version and section–number trap. Rule s.31 is an advance agreement in the service agreement to modify the statutory duties in s.30. It is not the common–law mechanism for later ratifying an unauthorized act.

83 answer b

a. ✗ This is the old–versus–current version and section–number trap. Any referral fee received from someone other than the client because of a referral is remuneration. Hiding it is a secret profit at common law, and it breaches RESA s.7(3)(b) and Rule s.56.

b. ✓ Correct. First, under current Rule s.56 (former 5–11) and s.52, a referral fee received or expected from someone other than the client must be disclosed to the client promptly and in writing, including the source, the amount ($150), and the related facts. Second, under the common–law duties of loyalty and full disclosure, the licensee must not hide a true judgment about that firm's competence or price because money is being received. Third, under RESA s.7(3)(b), a licensee may receive remuneration related to real estate services only from the licensee's own related brokerage, not directly into the licensee's own pocket.

c. ✗ This is the old–versus–current version and section–number trap. What Rule s.60 absolutely prohibits is a net listing. A referral fee is allowed if it is fully disclosed in writing under s.56 and s.30(j), the client gives informed consent, and it is paid through the brokerage.

d. ✗ This is the old–versus–current version and section–number trap. The s.56 remuneration disclosure is made to the licensee's own client (here, the buyer client), so the buyer can decide, with that knowledge, whether to use the referral.

83′ answer a

a. ✓ Correct. An arrangement that bases remuneration on the difference between the listing price (or the owner's floor price) and the actual sale price is a net listing. Under current Rule s.60 (former Rule 5–14), entering into or offering to enter into a net listing is prohibited, and the licensee is not entitled to, and must not retain, remuneration calculated that way.

b. ✗ This is the old–versus–current version and section–number trap. The three–part remuneration breakdown in s.43 applies to a lawful commission arrangement. A net listing is itself directly prohibited by s.60. Writing it into the service agreement is still unlawful.

c. ✗ This is the old–versus–current version and section–number trap. Having the managing broker sign and file with BCFSA is the procedure for the s.64 remote–area dual agency exception. A net listing (s.60) has no exemption procedure.

d. ✗ This is the authority and signing–form trap. A net listing that breaches the s.60 prohibition is void in law. The licensee is not entitled to receive or retain that remuneration, and a court will not support an unlawful net difference under quantum meruit.

84 answer b

a. ✗ This is both the unrepresented–party overstep trap and the old–versus–current version and section–number trap. It says the opposite of the rule. The s.57.1 buyer rescission disclosure is given to the licensee's own client. It is not given to an unrepresented party.

b. ✓ Correct. The representation disclosure described in the old exam materials (©2020, former section 5–10) had neither a complaint path nor the right of rescission, and there was no s.57.1 at all. From 2023–01–03, current s.54(2) requires the disclosure of representation to include three items: duties owed to clients and to unrepresented parties, how to complain about a licensee's conduct, and information on the right of rescission under Property Law Act s.42. New s.57.1 also requires, when preparing a residential offer for a buyer or presenting a residential offer for a seller, disclosure to the licensee's own client of five details of the right of rescission: it cannot be waived, the period for exercising it, how the amount payable is calculated and paid, return of the deposit balance after the amount payable is deducted, and the exemptions.

c. ✗ This is the old–versus–current version and section–number trap. The first core detail that s.57.1 requires to be disclosed is that the statutory right of rescission cannot be waived.

d. ✗ This is the old–versus–current version and section–number trap. Under the general rule in s.52, most mandatory disclosures must be separate from the contract, but there are two express exceptions. One is the s.56(1)(a) disclosure of remuneration from someone other than the client, which may be written into the service agreement. The other is the s.57.1 rescission disclosure, which may be written into the contract of purchase and sale or set out in a separate document.

84′ answer d

a. ✗ This is the old–versus–current version and section–number trap. s.53 (Disclosure of Interest in Trade) and s.59 (disclosure of a material latent defect) must both be kept strictly separate from the contract of purchase and sale. Writing them into the contract does not complete the disclosure.

b. ✗ This is the old–versus–current version and section–number trap. Both s.54 and s.55 must be given, before services are provided, on a separate form approved by the superintendent. They cannot be mixed into the service agreement or the contract of purchase and sale.

c. ✗ This is the old–versus–current version and section–number trap. Both s.57 (disclosure to the seller of expected remuneration each time an offer is presented) and s.65 (the agreement regarding conflict of interest between clients) must be separate documents.

d. ✓ Correct. Under current Rule s.52, except for two exceptions, every disclosure in Division 2 must be in writing and separate from the service agreement and the contract of purchase and sale. The two exceptions are the s.56(1)(a) disclosure of remuneration received from someone other than the client for providing real estate services (which may be written into the service agreement or set out in a separate document) and the s.57.1 buyer rescission disclosure (which may be written into the contract of purchase and sale or set out in a separate document).

Chapter 13 answers and reasons

85 answer c

a. ✗ Wrong. This is the trap of dividing the annual rate by twelve. On a nominal rate (j_m), the subscript m is how many times a year the rate compounds. Here the rate is j_2, compounded semi–annually. Monthly payments do not change the division to 12.

b. ✗ Wrong. 6.00% is the nominal rate quoted per year, not the periodic rate applied each month. The periodic rate i equals j_m divided by m, and here m is 2.

c. ✓ Correct. The materials state that a j_2 of 6.00% is not a monthly rate of 0.5%. First find the half–year periodic rate, which is j_2 divided by 2, then convert that half–year rate into an equivalent monthly periodic rate. Semi–annual compounding and monthly compounding are two different rhythms of interest.

d. ✗ Wrong. Interest Act s.6 catches a rate that is not disclosed as compounded annually or semi–annually. It does not catch the fact of monthly payments. This quote already states compounding semi–annually. Monthly payments are the usual pattern on a residential mortgage.

85′ answer a

a. ✓ Correct. Same point: a j_2 of 6.00% cannot be divided by 12 to get 0.5% as the monthly rate. First compute the half–year periodic rate $i_{sa} = j_2 / 2$, then convert it to the equivalent monthly periodic rate.

b. ✗ Wrong. The subscript 2 on j_2 means the rate compounds twice a year. It is a nominal rate compounded semi–annually, not a rate quoted monthly.

c. ✗ Wrong. 0.5% is not the effective annual rate (EAR). The EAR equals (1 + i) raised to the power of m, minus 1, and it is greater than or equal to the nominal annual rate. When the rate compounds more than once, the two pull apart.

d. ✗ Wrong. Interest Act s.6 requires the rate to be disclosed as compounded annually or semi–annually. It does not say the monthly rate must equal the quoted rate divided by 12. Dividing straight by 12 is the miscalculation the materials name as the most common one.

86 answer a

a. ✓ Correct. The materials convert a j_2 of 5.90% to an effective annual rate (EAR) of about 5.9870%, and a j_{12} of 5.85% to an EAR of about 6.0094%. The monthly–compounded quote with the lower nominal rate has the higher true annual cost. Quotes with different compounding frequencies can be compared only after both are converted to an EAR.

b. ✗ Wrong. This is the trap of comparing the nominal figures directly. When the compounding frequencies differ, the two percentages on the contracts are not the same kind of number. The more often a given nominal rate compounds, the higher the true cost it produces.

c. ✗ Wrong. A fair comparison is not dividing both sides by 12. A j_2 itself cannot be divided by 12 and used as a monthly rate. The course method is to convert both quotes to an effective annual rate and then compare them.

d. ✗ Wrong. Interest Act s.6 requires disclosure as compounded annually or semi–annually, which is why almost all residential mortgages are quoted as j_2. Stating the rate as compounded semi–annually is compliant disclosure. It is not unlawful.

86′ answer d

a. ✗ Wrong. This is still the trap of comparing the nominal figures directly. 5.85% compounded monthly and 5.90% compounded semi-annually use different compounding frequencies. The size of the number printed on the contract does not decide which one costs more.

b. ✗ Wrong. For the same nominal rate, a higher compounding frequency produces a higher effective annual rate, so monthly compounding costs more than semi-annual compounding. Semi-annual compounding is not always the more expensive one. Here the two nominal rates are not even the same.

c. ✗ Wrong. Dividing j_m by m gives the periodic rate. That is not yet the effective annual rate, and it does not turn the two quotes into the same annual cost. The two EARs worked out in the materials are not equal.

d. ✓ Correct. This matches the course calculation. 5.90% compounded semi-annually has an EAR of about 5.9870%, and 5.85% compounded monthly has an EAR of about 6.0094%. Lender R, with the lower nominal rate, has the higher true annual cost.

87 answer d

a. ✗ Wrong. This is the trap of treating the amortization period as the payoff date. Only a fully amortized loan has an amortization period equal to the term and is paid off exactly at maturity. A payment calculated over 25 years does not mean the principal is already zero at the end of year 5.

b. ✗ Wrong. Interest accruing means nothing is paid during the term, and principal and interest fall due together at the end. The term is usually one year or less. A constant payment is paid every period, with interest the larger share early on.

c. ✗ Wrong. Straight-line principal reduction is equal principal plus interest that falls period by period, so the total payment gets smaller. The interest does not stay fixed for the whole term, and this is not a constant payment with a fixed total each period.

d. ✓ Correct. When the amortization period is longer than the term, the loan is partially amortized. The materials use a 25-year amortization and a 5-year term as the typical case of this arrangement: payments follow a 25-year pace, but the contract is signed for only 5 years. A balloon payment remains at the end, to be repaid in one sum, renewed, or moved to another lender.

87′ answer b

a. ✗ Wrong. The two numbers are swapped. The term is the period that must be renegotiated, and here it is 5 years. The amortization period is the period used to calculate the payment pace, and here it is 25 years.

b. ✓ Correct. This is a partially amortized loan. The monthly payment is calculated on a 25-year amortization, the contract is signed for only 5 years, and a balance is still owing when the 5 years end. That balance is the balloon payment, and it must be repaid, renewed, or moved to another lender.

c. ✗ Wrong. This is the trap of treating the amortization period as the payoff date. On a partially amortized loan the amortization period is not equal to the term. The end of the 5 years is not the day the principal has been paid off.

d. ✗ Wrong. The end of the term does not forgive the remaining principal. The balance then due must be repaid in one sum or financed some other way. The lender has no duty to write off the unpaid principal.

88 answer b

a. ✗ Wrong. This is the trap of applying the Interest Act too widely. Interest Act s.10 names individual borrowers. A corporate borrower cannot rely on this section to prepay the whole amount owing by adding only three months' interest.

b. ✓ Correct. On a mortgage of real property that is not payable until more than five years have passed, from the fifth anniversary of the mortgage date an individual may at any time 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, and this section has not changed again since 2008-06-18.

c. ✗ Wrong. Even for an individual who may use s.10, the extra amount is three months' interest, as the price of that advance notice, not three months of principal. A company is outside the protection of this section to begin with.

d. ✗ Wrong. Section 6 requires the rate to be disclosed as compounded annually or semi-annually, or else no interest at all may be collected. It does not cancel the debt automatically once five years have passed, and it does not turn on how many years of the term have already run.

88′ answer d

a. ✗ Wrong. What s.10 allows to be prepaid is the entire amount owing. It does not allow payment of only the interest then due while the principal stays until the original maturity date.

b. ✗ Wrong. The three months' interest is an extra amount the borrower pays the lender on prepaying in full. It is not a rebate the lender gives back to the borrower.

c. ✗ Wrong. This reverses who is protected. Interest Act s.10 protects individuals and leaves corporate borrowers out. It does not protect companies only.

d. ✓ Correct. From the fifth anniversary of the mortgage date, an individual borrower may at any time prepay the entire amount owing by paying only an extra three months' interest. Here the borrower is an individual, the security is real property, and the term is longer than five years, so all three conditions are met. The exam wording matches the current section.

89 answer c

a. ✗ Wrong. This treats interest accruing as an interest-only loan. Interest only means interest is paid each period and the principal is repaid in one sum at the end, so the lender at least receives interest on a schedule. Here nothing is paid during the term.

b. ✗ Wrong. A constant payment keeps the total paid each period fixed. A fully amortized loan has an amortization period equal to the term and is paid off at maturity. Zero payments over eleven months is neither of those.

c. ✓ Correct. Interest accruing means nothing is paid during the term. At the end, principal and interest fall due together, and interest is added to the principal and then itself earns interest. Neither principal nor interest is received during the whole term, so the lender's risk is highest, and this kind of term is usually one year or less. Eleven months with zero payments during the term fits this design.

d. ✗ Wrong. Straight-line principal reduction pays equal principal plus declining interest every period, so the total payment gets smaller each period. Here there is no instalment before maturity.

89′ answer a

a. ✓ Correct. An interest–only loan pays interest each period and repays the principal in one sum at the end. The lender's principal is still outstanding, but interest is at least collected on a schedule. The materials say this arrangement is common in construction–period financing. A construction loan is usually charged as interest only, and the principal is repaid in one sum after completion and sale.

b. ✗ Wrong. Interest accruing means zero payments during the term, with unpaid interest rolled into the principal so that it earns further interest. Here interest is paid every month, and unpaid interest is not rolled into the principal.

c. ✗ Wrong. A fully amortized constant payment retires the principal over the course of the term. Here the principal is left until the sale and repaid in one sum. What is paid each month is interest only.

d. ✗ Wrong. A graduated payment mortgage starts with smaller payments and steps them up year by year, so that a buyer whose income is low for now can get into the market. Here the payment does not rise year by year, and principal is not paid from the first month.

90 answer b

a. ✗ Wrong. Unique means that the risk on each mortgage depends on the combination of the borrower's credit, the security, and the contract terms, so one mortgage cannot be swapped for another the way government bonds can. It does not explain why a small repayment has to sit in an account first. Most institutions are not, for that reason, forbidden to use one posted market rate.

b. ✓ Correct. The reinvestment problem is one of the five features. A large institution pools hundreds or thousands of repayments and can advance a new mortgage at once. A small investor holds only one or two loans, so the small monthly repayment first goes into a savings account that pays less, and the waiting period pulls down the yield actually received.

c. ✗ Wrong. A feature of a mortgage is that it is illiquid. A secondary market does exist, but one particular mortgage has to be matched with its own buyer, bargained over, and transferred. That is far more trouble than selling a government bond. It is not perfectly liquid.

d. ✗ Wrong. The direction is reversed. The savings account pays less interest, so the yield actually received is pulled down during the wait. The small investor does not earn more than a large institution.

90′ answer d

a. ✗ Wrong. A mortgage is not interchangeable with a government bond. The promise is less reliable, liquidity is worse, and administration cost is higher, so a high–quality first mortgage of the same term usually carries a higher rate than the yield on a government bond. The two rates do not have to be equal.

b. ✗ Wrong. Administration cost does not shrink in exact proportion as the loan gets smaller. A large institution spreads the cost of each loan across its volume, and a small investor cannot. That is a different one of the five features. It is not the reverse of the point in this question.

c. ✗ Wrong. A high capital threshold is one of the five features. Advancing one complete mortgage often takes a very large sum of money, and many willing savers cannot raise it. The awkwardness in this question is also that the repayments are too small to be lent out again for the time being.

d. ✓ Correct. This is the reinvestment problem. Each month a small investor receives only a small blend of principal and interest. It first sits in a savings account that pays less until there is enough to advance the next loan, and the waiting period pulls down the yield actually received. A large institution has many loans, so it can lend the money out again at once.

91 answer a

a. ✓ Correct. The exam tests the category: private mortgage insurers take part alongside CMHC. It does not test whether the name of each example is still right. The renamed firm is still there. It has only changed its brand. In practice, use the current name with a client, but do not replace the category answer on the paper with that current name.

b. ✗ Wrong. This is the trap of treating an old name as the current category. A new name does not mean the firm has disappeared, and it cannot be used to erase the category of private insurer. The materials state that the renamed firm's brand and business continue.

c. ✗ Wrong. A new name does not change the category. A monoline lender is a lender. A private mortgage insurer is an insurer. In the classification used on the exam, the two classes stay separate.

d. ✗ Wrong. The stem already says the other firm is unchanged in name and still operating. One renaming also does not show that every private insurer named in the materials has stopped operating.

91′ answer c

a. ✗ Wrong. In the exam wording this firm is not a bank, and the current brand is not to be substituted for the category. A bank is one class of institutional lender, and banks are still the largest single source of mortgage funds.

b. ✗ Wrong. This is the trap of treating an old name as the current category. The paper is not asking whether the brand is still in use. After the renaming the firm is still there, and the category has not left the market.

c. ✓ Correct. Same point. The exam wording uses the firm as an example of a private mortgage insurer beside CMHC, and the paper is answered with the category. The firm has not disappeared. It has only changed its brand. In practice, use the current name with a client.

d. ✗ Wrong. Government lending is a separate class: direct lending programs of the federal and provincial governments. A new name does not mean the firm was taken over by a government. In the exam wording it is still an example of a private mortgage insurer.

Chapter 14 answers and reasons

92 answer a

a. ✓ Correct. On a constant payment mortgage, the loan amount, the periodic rate, the number of payments, the payment each period, and the balance at maturity are locked together. Given four, the fifth is uniquely determined. If the payment stays the same and the rate rises, less of each payment goes to principal, so the loan that payment can support becomes smaller. This is the same mathematical relationship. It is not the institution deliberately pressing the loan down.

b. ✗ Wrong. This is the trap of estimating the fifth variable: it assumes only the amortization can move the loan amount. The rate itself is one of the five locked variables. A rise in the rate alone makes the amount that can be borrowed smaller.

c. ✗ Wrong. This reverses the direction inside the trap of estimating the fifth variable. The higher the rate, the smaller the loan the same payment can support. A higher rate does not advance more principal in order to fill the same payment.

d. ✗ Wrong. This is the trap of estimating the fifth variable. Given four of them, the fifth is uniquely determined. When the rate changes, the most that can be borrowed has one answer. It is not an estimate.

92′ answer c

a. ✗ Wrong. This changes the wrong variable inside the trap of estimating the fifth variable. A higher rate can still sit inside a constant payment mortgage. What changes is the loan amount the same payment can support. The mortgage does not have to become interest only.

b. ✗ Wrong. This is the trap of estimating the fifth variable. The rate is one of the five variables. When the payment, the frequency, and the amortization stay the same, the loan amount must change with the rate. One of them cannot be changed while every other one stays exactly as it was.

c. ✓ Correct. Given the payment, the number of payments, and the higher periodic rate, the loan amount this payment can support (PV) is uniquely determined, and it is smaller. Interest takes more of each payment, so less is left to retire principal.

d. ✗ Wrong. This locks the wrong amount inside the trap of estimating the fifth variable. The balance at maturity (FV) on a fully amortized mortgage can still be zero. What a higher rate changes is the principal the same payment can support. It does not force the ending balance above zero.

93 answer b

a. ✗ Wrong. This is the trap of calculating the balance by subtraction. On a constant payment mortgage, interest is the larger share of the early payments and principal is the smaller share. There is no rule that every payment after the first year is entirely principal. The total of payments already made cannot be subtracted directly from the original loan.

b. ✓ Correct. The outstanding balance (OSB) is the value today of the payments still to come, discounted at the contract rate. It is not principal minus amounts already paid. At the end of three years, the balance is often only a single-digit percentage below the original loan. That is how the constant-payment formula works, and the exam wording matches the current rule.

c. ✗ Wrong. This is another way of calculating the balance by subtraction, and the direction is also reversed. Interest already paid is not added back to principal. The balance is the present value of the remaining payments. It is not historical interest added onto the original loan.

d. ✗ Wrong. This is the trap of calculating the balance by subtraction, with the subtraction replaced by equal yearly slices. What is equal is the total payment each period. The principal portion is small early on and grows later. The original loan cannot be divided by the number of years and then reduced by three of those years.

93′ answer d

a. ✗ Wrong. This is still one way of calculating the balance by subtraction. What is equal is the payment each period, not the principal each year. Little principal is retired early on. The original loan cannot be cut into equal yearly pieces.

b. ✗ Wrong. This calculates the balance by subtraction in the opposite direction. Under ordinary payments, the balance does not rise above the amount first advanced merely because interest has been paid. Interest that has been paid is not added back to principal. The balance is the present value of the remaining payments.

c. ✗ Wrong. This takes calculating the balance by subtraction to the other extreme and treats the balance as zero. Three years of payments do not pay off a constant payment loan calculated on a long amortization. Little principal is retired early on, and the balance is usually still close to the original loan.

d. ✓ Correct. The outstanding balance (OSB) discounts the remaining payments to a present value at the contract rate. On a constant payment mortgage, interest is the larger share in the early years, so after three years the balance is often only a single-digit percentage below the original loan. It cannot be reduced by equal amounts each year.

94 answer c

a. ✗ Wrong. This is the reverse of reading the Interest Act's protected class too widely: it narrows the class. The lecture states that this layer is not limited to houses. Security that is a workshop rather than an owner–occupied house does not cancel the right.

b. ✗ Wrong. This swaps the price inside the trap of reading the Interest Act's protected class too widely. The extra amount is three months' interest, not three months of principal.

c. ✓ Correct. Interest Act s.10 applies to a mortgage that is not payable until more than five years have passed, and it is 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. Leo is an individual, the term is longer than five years, and five years have passed since the mortgage date, so every condition is met. The exam wording matches the current section, and this section has not changed again since it was last amended on 2008–06–18.

d. ✗ Wrong. This misreads the time window inside the trap of reading the Interest Act's protected class too widely. After five years have passed, the borrower may prepay in full at any time. The right is not valid only on the fifth anniversary and then expired the next day.

94′ answer a

a. ✓ Correct. Interest Act s.10 applies only to a mortgage that is not payable until more than five years have passed, and only from after the fifth anniversary of the mortgage date. A term of five years or less does not qualify. Amira's contract is five years exactly, and only three years have passed, so neither threshold is met. Being an individual, and the property being a house, do not open the right on their own. The exam wording matches the current section.

b. ✗ Wrong. This is the trap of reading the Interest Act's protected class too widely. A house and an individual borrower only mean she is not excluded. The term must run longer than five years, and five years must have passed from the mortgage date. A right that can be used from the first payment does not match this layer.

c. ✗ Wrong. This swaps the price inside the trap of reading the Interest Act's protected class too widely. Even where the right applies, the extra amount is three months' interest, not three months of principal. Neither threshold is met on this item, and rewriting the charge as three months of principal does not make the right apply.

d. ✗ Wrong. This misreads where the five years start inside the trap of reading the Interest Act's protected class too widely. The count runs to five years from the mortgage date, not to the halfway point of the term. Three years is not yet five years, and a term of five years exactly does not use this layer either.

95 answer d

a. ✗ Wrong. This is the trap of treating the amortization rhythm as the renegotiation date, and both directions are reversed. The amortization period is not the term. At the end of five years the contract must be renegotiated. A loan calculated on a 25–year rhythm is not paid off in year five.

b. ✗ Wrong. This is the trap of treating the amortization rhythm as the renegotiation date, only with the renegotiation frequency changed to every month. The term is five years. The balance at the end of five years is not zero, because the payment is calculated on a 25–year rhythm.

c. ✗ Wrong. This is the trap of treating the amortization rhythm as the renegotiation date. There is indeed a balance at year five, but what locks the rate is the term, not the amortization period. The amortization period cannot push the renegotiation out to year 25.

d. ✓ Correct. The amortization period only sets the payment rhythm. It does not decide how often the contract is renegotiated. The term is an independent variable. Here the payment is calculated over 25 years, which is 300 payments, but the five–year contract must be renegotiated when it ends, and the balance then is not zero.

95′ answer b

a. ✗ Wrong. This is the trap of treating the amortization rhythm as the renegotiation date. Stretching the amortization can lighten the payment. It cannot lock the rate until the amortization itself ends. When the contract is renegotiated depends on the term.

b. ✓ Correct. A longer amortization period makes the payment lighter and total interest more expensive, but it only sets the payment rhythm. The term is what decides when the contract is renegotiated. The two are completely independent.

c. ✗ Wrong. This also reverses the direction of the payment inside the trap of treating the amortization rhythm as the renegotiation date. A longer amortization makes the payment lighter, not heavier. When the shorter term ends, a loan calculated on the longer amortization has not already reached a zero balance.

d. ✗ Wrong. This is another conversion inside the trap of treating the amortization rhythm as the renegotiation date: it treats the term as the amortization period. A short term does not mean the payment must pay the loan off inside the term. The payment is still calculated on the amortization period, and the unpaid balance is renegotiated when the term ends.

96 answer a

a. ✓ Correct. The final payment is the last instalment on a fully amortized loan, slightly smaller than a regular payment, when the amortization ends. The balance at maturity on a fully amortized loan is zero. A large amount still to be paid at the end means the loan did not run down to zero as a fully amortized loan.

b. ✗ Wrong. This treats the final payment as a balloon, and it also calls the final payment a penalty. The slightly smaller last instalment is not a prepayment penalty. Full amortization also does not require a large balance to be left at the end.

c. ✗ Wrong. This treats the final payment as a balloon and then uses the wrong names. The trigger rate is the rate at which the payment covers only interest. The Interest Rate Differential (IRD) is one way to calculate a penalty. Neither is the slightly smaller last instalment on a fully amortized schedule.

d. ✗ Wrong. This swaps the name inside the trap of treating the final payment as a balloon. An accelerated payment is paying more than the minimum, so as to shorten the amortization and save interest. It is not that slightly smaller last instalment, and paying more does not leave a large balance at the end.

96′ answer c

a. ✗ Wrong. This is the trap of treating the final payment as a balloon. When full amortization ends, the balance is zero. The last instalment is slightly smaller. It is not a large unpaid principal.

b. ✗ Wrong. This is the trap of treating the final payment as a balloon. Full amortization is not interest paid on its own with the principal left for a balloon. The balance at the end is zero, and the slightly smaller last instalment, the final payment, collects what remains.

c. ✓ Correct. The final payment is the last instalment when full amortization ends, slightly smaller than a regular payment. The balance at maturity is zero. That line cannot be budgeted as a large unpaid principal.

d. ✗ Wrong. This goes to the other extreme after treating the final payment as a balloon. A fully amortized loan does have a last instalment. The mistake is calling it a large balloon. The mistake is not that no last instalment exists.

97 answer b

a. ✗ Wrong. This collapses the years into one band inside the trap of treating the old cap as current law. The exam wording does not state 25 years for every mortgage. It gives 25 years to an insured mortgage, and it writes 30 to 35 years for an uninsured mortgage with a down payment of 20 percent or more.

b. ✓ Correct. This is the exam sentence: an insured mortgage has a maximum amortization of 25 years, and an uninsured mortgage with a down payment of 20 percent or more is allowed 30 to 35 years by government rules. The current rule is different. A down payment below 20 percent is still generally a maximum of 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.

c. ✗ Wrong. This is the trap of treating the old cap as current law. No federal statutory maximum, with the lender setting its own, is the current rule for a down payment of 20 percent or more. It is not what the course manual states. A historical item must restate that government rules allow 30 to 35 years.

d. ✗ Wrong. This swaps the two bands inside the trap of treating the old cap as current law. Thirty years is not the exam maximum for every insured mortgage, and 35 years is not a single statutory number the exam writes for an uninsured mortgage. The manual states 25 years for an insured mortgage, and the band of 30 to 35 years.

97′ answer d

a. ✗ Wrong. This picks the wrong band inside the trap of treating the old cap as current law. Twenty-five years is the maximum the exam wording gives an insured mortgage. On this item the down payment is above 20 percent and insurance is not required. The manual does not also cap this band at 25 years.

b. ✗ Wrong. This is the trap of treating the old cap as current law, and it rewrites the manual with the current characterization. There is indeed no federal statutory maximum now, but the manual writes this band as a government rule, and it writes 30 to 35 years. The item asks what the manual says.

c. ✗ Wrong. This moves the figures into the wrong place inside the trap of treating the old cap as current law. An insured mortgage in the manual is 25 years, not 30 years. For a down payment above 20 percent, the manual says government rules allow 30 to 35 years. It does not carry the insured-mortgage figure over to this band.

d. ✓ Correct. The item is limited to the course manual, so the exam wording must be restated: an uninsured mortgage with a down payment of 20 percent or more is allowed an amortization of 30 to 35 years by government rules. The current rule is different. That band has no federal statutory maximum, and the lender sets the period. The current statement cannot be written into this historical item.

98 answer c

a. ✗ Wrong. This uses the wrong name, on top of reversing the direction of an accelerated payment. The final payment is the last instalment of full amortization, slightly smaller than a regular payment. This item is paying more than the minimum during the life of the loan. It is not the name of the last instalment.

b. ✗ Wrong. This is the trap of reversing the direction of an accelerated payment. Paying more than the minimum shortens the amortization and reduces total interest. It does not spread a larger payment over more periods and make total interest more expensive.

c. ✓ Correct. An accelerated payment is paying more than the minimum payment, and that shortens the amortization and saves interest. What it changes is the payment rhythm and the total interest. It does not turn the balance at the end into a large unpaid principal.

d. ✗ Wrong. This is the trap of reversing the direction of an accelerated payment. Money paid above the minimum is not unpaid interest added to principal. The outstanding balance falls faster because more principal is repaid. A balance that rises instead of falling is negative amortization, and that runs in the opposite direction.

98′ answer a

a. ✓ Correct. Paying more than the minimum payment is called an accelerated payment. The effect is to shorten the amortization and pay less interest. It does not stretch the loan or raise total interest.

b. ✗ Wrong. This is the trap of reversing the direction of an accelerated payment. If the larger payment is an amount paid above the minimum, the amortization becomes shorter and total interest becomes smaller.

c. ✗ Wrong. This replaces the name with the final payment inside the trap of reversing the direction of an accelerated payment. The final payment is the slightly smaller last instalment when full amortization ends. It is not an amount paid above the minimum partway through the loan.

d. ✗ Wrong. This is the trap of reversing the direction of an accelerated payment. Money paid extra is not added to the balance. Negative amortization is a balance that rises instead of falling when the payment is not enough to cover the interest. It is a different thing from choosing to pay more than the minimum.

Chapter 15 answers and reasons

99 answer a

a. ✓ Correct. BC has no non–court power of sale. Foreclosure must be started by petition in the Supreme Court. Where the property is worth less than the amount owing, a final order of foreclosure may be sought. The exam wording also calls that order an order absolute. The order makes the lender the owner and extinguishes both the equity of redemption and the personal covenant, so the unpaid difference cannot be claimed. The two names refer to the same thing.

b. ✗ Wrong. This swaps the results of the two foreclosure routes and imports an out–of–province procedure. Nothing allows the lender to skip the court and sell under a contractual clause. In BC a power of sale cannot replace a petition to the court.

c. ✗ Wrong. This swaps the results of the two foreclosure routes. A final order of foreclosure extinguishes the personal covenant, so the difference cannot be claimed. The route on which a price that falls short still leaves liability is a judicial sale, not the final order.

d. ✗ Wrong. This swaps the results of the two foreclosure routes and uses the level of value to decide whether to go to court. A value below the debt only shows that a final order of foreclosure may be sought. It does not change the need for the court to deal with the matter first. Until the court order is made, the borrower still holds ownership.

99′ answer d

a. ✗ Wrong. This swaps the results of the two foreclosure routes and says the two routes end the same way. A final order of foreclosure extinguishes the personal covenant, so the difference cannot be claimed. When a judicial sale price is not enough, the respondent remains liable for the difference.

b. ✗ Wrong. This swaps the results of the two foreclosure routes and reverses the direction. A price that falls short does not extinguish the personal covenant. What extinguishes the personal covenant, so that the difference cannot be claimed, is the final order of foreclosure.

c. ✗ Wrong. This swaps the results of the two foreclosure routes and also misreads the right to list. Once the court grants conduct of sale, the borrower's right to list and any existing listing authority end. Liability for the difference belongs to a judicial sale whose price falls short. It does not belong to a final order of foreclosure.

d. ✓ Correct. After a judicial sale is approved by the court, the respondent remains liable for the unpaid difference if the price is not enough. A final order of foreclosure makes the lender the owner and extinguishes both the equity of redemption and the personal covenant, so the difference cannot be claimed. Personal liability runs in opposite directions on the two routes.

100 answer d

a. ✗ Wrong. This treats assumption as a release and treats the expiry date as an automatic release. Expiry itself does not release the original borrower. On this path, liability ends only if the lender sends no written demand within three months after the term ends. The demand here was made inside those three months.

b. ✗ Wrong. This is the core form of treating assumption as a release. After the buyer assumes, the original borrower remains impliedly liable at common law on the personal covenant until a condition for release is met. Assumption itself is not a release, and the lender may also sue the person who assumed.

c. ✗ Wrong. This treats assumption as a release and reverses the scope. The three release paths apply only to a residential mortgage. The fact that this mortgage is residential did not release him automatically. He has not completed any of the paths.

d. ✓ Correct. After a residential mortgage is assumed, the original borrower remains impliedly liable. The second path under the Property Law Act is that liability ends automatically only if the lender sends no written demand within three months after the term ends. The demand was sent inside three months, so that path fails. He also did not obtain written approval within three months after completion.

100′ answer b

a. ✗ Wrong. This treats assumption as a release and applies the three paths to a commercial mortgage. Those three paths apply only to a residential mortgage. A mortgage made for a business cannot end automatically by three months of silence.

b. ✓ Correct. The three release paths apply only to a residential mortgage. They do not apply to a business purpose. A novation is not limited to a home, and it is not limited to a mortgage. The original borrower is fully released when the new borrower assumes the whole liability, is accepted by the lender as the primary debtor, and the new agreement fully replaces the old one.

c. ✗ Wrong. This treats assumption as a release. A company that sells is not released automatically on completion merely because the buyer assumes. A commercial mortgage cannot use even those three residential paths, and the implied liability at common law remains.

d. ✗ Wrong. This treats assumption as a release and narrows both the paths and novation. The demand–mortgage path also belongs only to a residential mortgage. A novation is wider than those three paths. It can apply to a mortgage and to an agreement for sale.

101 answer c

a. ✗ Wrong. This reverses priority and the direction of redemption, and it treats foreclosure as clearing every charge. Foreclosure can wipe out only interests that rank behind. The first and second mortgages rank ahead of the third, and they continue.

b. ✗ Wrong. This reverses priority and the direction of redemption, and the direction of foreclosure is wrong. The third mortgagee's final order removes the fourth mortgage and the borrower. It does not remove the first mortgage, and the second mortgage has not disappeared either.

c. ✓ Correct. This is redeem up, foreclose down. The third mortgagee can wipe out only the fourth mortgage, which ranks behind, and the borrower's equity of redemption. The first two mortgages continue. The borrower must redeem from the lowest rank upward and cannot skip a lower charge. Priority follows the order of registration, not the signing date.

d. ✗ Wrong. This reverses priority and the direction of redemption and puts the direction of redemption onto foreclosure. What runs from the bottom upward is the borrower's redemption. Foreclosure wipes downward and removes the people behind. The third mortgagee does not have to pay off the fourth mortgage before obtaining a final order.

101′ answer a

a. ✓ Correct. The borrower must redeem from the lowest rank upward. When the money is enough for only one, the one registered last is paid off first, and only then may the one above it be touched. That is the opposite direction from foreclosure, which wipes downward and removes the interests behind.

b. ✗ Wrong. This reverses priority and the direction of redemption. The one registered first is paid in priority, but the borrower's redemption does not start with the first mortgage. Touching the highest rank first and skipping a lower charge does not follow redeem up.

c. ✗ Wrong. This reverses priority and the direction of redemption and treats the order of distribution as if any mortgage could be redeemed at will. The order of registration decides priority, but redemption runs from the lowest rank upward. One of them cannot be chosen freely to redeem first.

d. ✗ Wrong. This reverses priority and the direction of redemption and switches to the signing date. Priority looks at who applied to register first, not the date the contract was signed or the date the funds were advanced. Redemption still runs upward from the lowest registered rank.

102 answer b

a. ✗ Wrong. This aims the clog rule at the wrong clause. A limit or ban on prepayment, and a ban on assumption, limit when and how payment is made. They do not limit whether the land can in the end be redeemed. They are not a clog, and they can be enforced.

b. ✓ Correct. An option to purchase tied in when the loan was negotiated would leave the borrower unable to redeem the land. That option is void. It is a clog on the equity of redemption. An option negotiated later as an independent transaction, after the loan exists, is valid. A ban on prepayment and a ban on assumption are not clogs.

c. ✗ Wrong. This aims the clog rule at the wrong clause and reverses the timing. What is void is the option negotiated at the same time as the loan, the one that would block redemption. An option made later, independent of the mortgage and with no legal tie to it, can stand.

d. ✗ Wrong. This aims the clog rule at the wrong clause and bundles the three clauses together. A clog makes void only a clause that truly blocks final redemption. A ban on prepayment and a ban on assumption can be enforced. Only the option to purchase from the same negotiation is void.

102′ answer c

a. ✗ Wrong. This aims the clog rule at the wrong clause and treats every collateral advantage as an independent transaction. The test is the parties' real intention at the time. This question states that the clause is a term of the mortgage itself, not a transaction that stands on its own.

b. ✗ Wrong. This aims the clog rule at the wrong clause and switches the test to the interest rate. Whether a collateral advantage remains effective after redemption depends on whether it is a term of the mortgage or an independent transaction. It does not depend on whether the rate was changed.

c. ✓ Correct. A collateral advantage that is truly a term of the mortgage, and that continues in force after redemption, will be held void. That is a clog in another form. This question did not make the supply arrangement a transaction independent of the mortgage, so the part that would keep binding the borrower after redemption cannot stand.

d. ✗ Wrong. This aims the clog rule at the wrong clause and moves the moment of invalidity earlier. The problem is that the clause remains in force after redemption. A collateral advantage that is a term of the mortgage is not wholly void from the first day of the loan.

103 answer a

a. ✓ Correct. The exam text is that an effective annual rate over 60% is a criminal offence, and this item is answered from the manual with that sentence. Section 347(2) of the current Criminal Code, from 2025-01-01, changes the line to an annual percentage rate over 35%. That current line cannot be substituted for the answer on the paper.

b. ✗ Wrong. This answers the paper with the current ceiling. An annual percentage rate over 35% is the current definition from 2025-01-01. It is not the sentence in the course manual. Under the current rule a business loan over $500,000 can also have no ceiling. The paper cannot be re-marked with this sentence.

c. ✗ Wrong. This answers the paper with the current ceiling and treats the business exception as the manual's own text. A relaxation to an annual percentage rate of 48% where the principal is over $10,000 and not over $500,000, and no ceiling where the principal is over $500,000, applies only under the current regulation, and only where the borrower is not a natural person and the loan is for a business purpose. It is not the exam's effective annual rate of 60%.

d. ✗ Wrong. On top of answering the paper with the current ceiling, this adds a condition the manual does not contain. The exam wording states that an effective annual rate over 60% is itself an offence. It does not depend on whether the lender has already obtained a court order.

103′ answer c

a. ✗ Wrong. This answers the paper with the current ceiling. The higher business band and the band with no ceiling are not in the course manual, and they cannot be applied to this individual's loan for household expenses. The manual's ceiling is an effective annual rate over 60%.

b. ✗ Wrong. This answers the paper with the current ceiling and also says the manual has already been rewritten. The exam wording is still an effective annual rate over 60%. The business bands are the current regulation. They are not the sentence that scores on this item.

c. ✓ Correct. On the course manual, this individual's household loan is already over an effective annual rate of 60% and is the criminal interest rate. The business bands are not the manual's test. From 2025-01-01 the current law uses an annual percentage rate over 35% as the ceiling, and a natural person's consumer loan also cannot enter the business exception. That current scheme cannot be used to change the answer on this item.

d. ✗ Wrong. This answers the paper with the current ceiling and says that a loan to an individual is criminal at any rate. The exam test is not that an individual borrower means an offence. It is whether the effective annual rate is over 60%. An individual loan that does not cross that line is not written in the manual as a criminal interest rate.

104 answer c

a. ✗ Wrong. The manual states that in law a mortgage is not a loan. A mortgage is not the money itself. It is an interest in land given as security for that money. Answering that it is only a loan, and that there is no interest in the land, is the opposite of the manual.

b. ✗ Wrong. This turns the historical transfer of the whole interest into a change of the name on the register. The mortgagee has never been the registered owner. The mortgagor's name stays on the title register. Section 231(1) of the current Land Title Act also writes it first as a charge, and does not pass ownership to the lender.

c. ✓ Correct. The mainstream view on the exam is that a mortgage still retains the common-law character of a transfer, and the paper is answered with that sentence. Section 231(1) of the current Land Title Act first defines a registered mortgage as a charge. Section 231(2) only deems the rights and obligations to be those of a transfer that has been made. Use the charge account when explaining to a client. Do not use it to change the paper.

d. ✗ Wrong. This answers the paper with the current characterisation. A charge, together with a deemed transfer, is the precise wording of section 231 of the current Land Title Act. It is not the mainstream view the manual asks you to select. This item is answered by saying that the character of a transfer is still retained.

104′ answer a

a. ✓ Correct. The item asks for the manual's mainstream view, so the answer is that a mortgage still retains the common-law character of a transfer. Only section 231(1) of the current Land Title Act states that a registered mortgage is first a charge, whether or not the document uses words of transfer. That sentence cannot be entered on this item.

b. ✗ Wrong. This answers the paper with the current characterisation. A charge is the characterisation in section 231(1) of the current Act. It is not the manual's mainstream view. What the manual retains is the character of a transfer.

c. ✗ Wrong. This answers the paper with the current characterisation and adds a change of the name on the register. The manual's mainstream view does not depend on whether the document uses the word transfer, and it does not make the lender the registered owner. Section 231(1) of the current Act likewise says that, whether or not there are words of transfer, the effect is first a charge.

d. ✗ Wrong. What the manual denies is that a mortgage equals the loan itself. It does not deny an interest in the land. Both the character of a transfer and a charge describe that interest in land. The answer cannot be that there is nothing in the land.

105 answer b

a. ✗ Wrong. This treats the two kinds of seller financing as the same thing. They are equivalent in finance and different in law. Under a vendor take-back the buyer first receives the fee simple. Under an agreement for sale the buyer is not the registered owner until payment is complete.

b. ✓ Correct. The first is a vendor take-back mortgage. The buyer is registered first as the owner of the fee simple, and the seller registers a mortgage as security for the balance. The second is an agreement for sale. The seller keeps registered ownership, the buyer's right to purchase is registered as a charge on Form C, and title transfers only when the last payment is made.

c. ✗ Wrong. This treats the two kinds of seller financing as the same thing and swaps the names. Transferring the fee simple to the buyer first, and then registering a mortgage, is a vendor take-back. Registering that mortgage does not leave the seller as the registered owner.

d. ✗ Wrong. This treats the two kinds of seller financing as the same thing and substitutes another special mortgage. A reverse annuity mortgage is the lender paying the borrower in instalments, repaid at maturity or on death. This question is the buyer paying the price in instalments. It is not the lender paying the owner in instalments.

105′ answer d

a. ✗ Wrong. This treats the two kinds of seller financing as the same thing. A right to purchase is a charge for the buyer's interest. It is not a completed transfer of the fee simple. The registered owner is still the seller.

b. ✗ Wrong. This treats the two kinds of seller financing as the same thing and treats Form C as the transfer. That filing is a charge for the buyer's right to purchase. The fee simple waits until the last instalment is paid, and only then does the seller transfer it.

c. ✗ Wrong. This treats the two kinds of seller financing as the same thing and imports the result of a vendor take-back. The buyer receiving the fee simple first is the take-back structure. An agreement for sale deliberately leaves the seller in the place of registered owner.

d. ✓ Correct. Under an agreement for sale the seller is the registered owner throughout, the buyer's interest is a charge, and title transfers only when the last payment is made. A vendor take-back mortgage is the arrangement in which the buyer first receives the fee simple and the seller then registers a mortgage.

Chapter 16 answers and reasons

106 answer b

a. ✗ Wrong. This treats face amount as the cash-equivalent price. Repaying the principal later does not cancel the interest saving. When the contract rate is below the market rate, the present value of that payment stream is below face.

b. ✓ Correct. The cash-equivalent price equals the cash down payment plus the market value of the mortgage. When the contract rate is below the market rate, the lender is giving up part of the interest. The present value discounted at the market rate is below face, so the market value of the offer is below the stated price. That is a discount.

c. ✗ Wrong. This reverses discount and bonus. A bonus appears only when the contract rate is above the market rate. Below-market seller financing is an advantage to the buyer. It is not an extra amount the seller collects on top of the price.

d. ✗ Wrong. This drops half of the formula. The market value of the offer is the cash down payment plus the market value of the mortgage. It does not drop the cash, and it does not equal the face amount of the take-back.

106′ answer d

a. ✗ Wrong. This reverses discount and bonus. When the contract rate is above the market rate, the buyer is paying extra interest, not receiving a concession. A discount appears only when the contract rate is below the market rate.

b. ✗ Wrong. This treats the face amount to be collected later as today's economic value. When the rate is higher, the present value of that payment stream, discounted at the market rate, is above face. The stated price does not include this compensation for risk.

c. ✗ Wrong. An above-market loan still has a market value, and that value is above its face amount. The cash-equivalent price adds the cash down payment and the market value of the mortgage. The take-back cannot be treated as zero.

d. ✓ Correct. When the contract rate is above the market rate, the borrower pays some interest that would not otherwise be paid, and the market value of the mortgage is above face. The market value of the offer is therefore above the stated price. That is a bonus. What the seller collects extra is compensation for risk.

107 answer c

a. ✗ Wrong. This uses the amortization as N. The 23 years left are the remaining amortization, not the number of periods to discount this time. Using that as N also discounts the years after the contractual term ends.

b. ✗ Wrong. This uses the amortization as N. Twenty-five years is the period originally used to calculate the monthly payment. Discounting covers only the months left in the contractual term. Time already passed must be taken off.

c. ✓ Correct. A 5-year term is 60 months. Two years have passed, so 36 months remain. N for discounting is the number of periods left in the contractual term, not the remaining amortization. The balance due at the end is also discounted over those 36 months. Do not switch to a count in years.

d. ✗ Wrong. This does not take off the periods already passed. The buyer assumes the cash flows that remain, not a fresh count of 60 months from the first payment. Months already paid cannot be discounted again.

107′ answer a

a. ✓ Correct. The term is 60 months. Thirty-six months have been paid, so 60 minus 36 leaves 24 months. N is the number of months left in the contractual term. The 25-year amortization only shows how the monthly payment was first calculated. It cannot be used as the number of discount periods.

b. ✗ Wrong. This treats periods already paid as the periods still to be discounted. Thirty-six months is time already passed. What the buyer is pricing now is the 24 months of the contractual term that have not yet run.

c. ✗ Wrong. This uses the amortization as N. What is discounted is the monthly payments in the remaining contractual term plus the balance due at the end, not a fresh discount of the whole 25-year amortization.

d. ✗ Wrong. Thirty-six months of the original term have already been used. N must first take off the periods already passed. The full 60 months cannot be discounted again.

108 answer d

a. ✗ Wrong. This reverses the rates used in the two steps and rewrites the payment. The second step changes only the rate used for discounting. It does not build a new payment at the market rate, and it does not discount back at the contract rate.

b. ✗ Wrong. This leaves out the balloon payment at the end of the term. A partial amortization does not deliver zero at maturity. It delivers the outstanding balance. Discounting only the monthly payments leaves that piece out of the market value.

c. ✗ Wrong. This uses the amortization as N. The second step still uses the first step's payment stream and balance due at the end. The number of discount periods is the number of periods in the contractual term, not the whole remaining amortization.

d. ✓ Correct. The first step uses the contract rate to get the monthly payment and the balance due at the end. The second step switches to the market rate and finds the present value of that same payment stream and balance due. Only the rate changes between the two steps. The other inputs stay as they are. That present value is the market value of the mortgage.

108′ answer b

a. ✗ Wrong. Market value is not the monthly payment a new loan at the market rate would require. What is discounted is the payment stream already agreed. Rebuilding the payment throws away the result of the first step.

b. ✓ Correct. The second step of a vendor take-back mortgage changes only the discount rate, to the current market rate. The monthly payment and the balance due at maturity stay at the figures from the first step. The colleague reversed the rates of the two steps and also rewrote the payment stream.

c. ✗ Wrong. The cash down payment is only part of the market value of the offer. The take-back must still be discounted to a present value at the market rate and then added to the cash. The payment is calculated so that it can enter the second step. It is not dropped once it is known.

d. ✗ Wrong. The first step uses the contract rate in order to get the payment stream. The second step must switch to the market rate. Otherwise the result is still face amount, not market value. Knowing the payment does not replace the change of rate.

109 answer a

a. ✓ Correct. An assumption and a vendor take-back mortgage use the same present value method. The monthly payment and the balance due at the end are usually copied from the original contract, and N is the number of periods left in the contractual term. When the contract rate is below the market rate, market value is below the outstanding face amount. That difference is a starting point for negotiation. It is not an amount added to the sale price automatically.

b. ✗ Wrong. This treats face amount as the cash equivalent. When the rate is below the market, that same payment stream discounted at the market rate has a present value below the outstanding balance. The seller should not treat that face amount as the cash this mortgage ought to bring in.

c. ✗ Wrong. The loan already exists. N for discounting is the number of periods left in the contractual term, not a full 60 months starting from zero. An assumption does not turn the clock back to the signing date.

d. ✗ Wrong. On an assumption the monthly payment is usually already fixed by the original contract and is copied as it stands, unless the task is to check whether the original contract was calculated wrong. What changes is the market rate used for discounting, not the payment.

109′ answer c

a. ✗ Wrong. This reverses discount and bonus. When the contract rate is above the market rate, the market value of that payment stream is above the outstanding face amount. The mere fact of an assumption does not favour the buyer.

b. ✗ Wrong. This treats face amount as the cash equivalent. A short remainder makes the difference smaller, but when the rate still departs from the market, face amount does not equal market value. A short term is not a reason to skip the discounting.

c. ✓ Correct. A contract rate above the market makes the market value of the mortgage higher than face. That piece is a bonus. The method is still to discount the original contract's monthly payment and balance due at maturity, at the market rate, over the periods remaining. The difference opens the negotiation. It does not rewrite the price by itself.

d. ✗ Wrong. An assumption continues repayment on the original contract terms. The contract rate is not replaced because a lower rate exists in the market. The market rate is used only for discounting. It is not used to rewrite the rate the buyer actually pays.

110 answer c

a. ✗ Wrong. This treats the cost of funds advanced as the required disclosure. The cost of funds advanced (COFA) is an analysis tool for comparing different arrangements. What the law requires to be disclosed is the Annual Percentage Rate (APR).

b. ✗ Wrong. The repayment obligation is still calculated on the face amount, but the cash received is smaller, so the borrower's true rate is above the contract rate. In the lecture, $300,000 with 2 points deducted leaves only $294,000 in hand. The contract rate is 5.50% compounded semi-annually, and the rate worked back is about 5.7130%. The contract rate does not absorb the points.

c. ✓ Correct. A loan for personal, family, or household use must disclose the Annual Percentage Rate (APR) in writing, which is the contract rate plus non-interest finance charges. Points make the cost of funds advanced (COFA) higher than the contract rate, but the COFA itself is not a required disclosure item.

d. ✗ Wrong. A deduction from principal (a discount) and an amount added to the face (a bonus) have the same effect: less cash is received, and the repayment obligation does not change. Whenever the main use is personal, family, or household, a written disclosure statement is required whether or not an extra fee is charged.

110′ answer a

a. ✓ Correct. A bonus, like a fee deducted from principal, means less cash is actually received while the repayment obligation stays the same, so the cost of funds advanced (COFA) is above the contract rate. The same fee spread over one year pushes the true rate higher than the same fee spread over 25 years. What must be disclosed by law is still the Annual Percentage Rate (APR).

b. ✗ Wrong. The direction is reversed. The contract amount becomes larger, but the cash received does not grow in the same proportion. The borrower takes on a heavier repayment obligation in exchange for that cash. The true rate rises. It does not fall.

c. ✗ Wrong. This treats the cost of funds advanced as the required disclosure and swaps the two names. The Annual Percentage Rate is the required disclosure item, and it includes non-interest finance charges. It is not another name for the contract rate.

d. ✗ Wrong. The shorter the term, the more the same fee magnifies the true rate. A one-year term pushes the actual cost higher than a 25-year term. A shorter term is not a reason to ignore the fee.

111 answer b

a. ✗ Wrong. This picks the wrong penalty and reverses which one is larger. The further the market rate is below the contract rate, and the more months remain, the more likely the Interest Rate Differential (IRD) is to be far larger than three months' interest.

b. ✓ Correct. The Interest Rate Differential (IRD) measures the interest the lender will earn less over the remaining months if the borrower leaves now and the lender can re-lend that money only at the lower market rate. When that amount is greater than three months' interest, the greater of the two is taken, and this is the penalty charged.

c. ✗ Wrong. On a closed mortgage with a term of less than five years, the lender has no legal duty to allow a full early payout. In practice most lenders allow it, but they charge a fee. It is not a penalty-free payout of the outstanding balance alone.

d. ✗ Wrong. This picks the wrong penalty. The rule is to take the greater of the two, not to add them. Adding the two amounts together produces a third method that this chapter does not contain.

111′ answer d

a. ✗ Wrong. This picks the wrong penalty. When the market rate is above the contract rate, the Interest Rate Differential is usually smaller than three months' interest. The differential does not come out larger on every early payout.

b. ✗ Wrong. That the lender can re-lend at a higher rate only means this band, the differential penalty, becomes the smaller one. It does not cancel the penalty. When an early payout is allowed, the greater of the two calculations is still taken.

c. ✗ Wrong. This chapter has no step that adds the two amounts and then nets them off. The two results are compared for size, and the greater is taken. The benefit of a rise in the market rate is not given back to the borrower.

d. ✓ Correct. When the market rate is above the contract rate, the Interest Rate Differential (IRD) is usually smaller than three months' interest. Taking the greater of the two, the lender charges three months' interest. That calculation is also the more direct one.

112 answer a

a. ✓ Correct. The exam footnote says to consult the Financial Institutions Commission of BC (FICOM). The current regulator is BCFSA: from 2019-11-01 it took over regulation of financial institutions, pensions, and mortgage brokers, and on 2021-08-01 it completed the integration of real estate regulation.

b. ✗ Wrong. This answers the footnote on the paper with the current body. BCFSA is the name to use with a client now. It is not the name written in this exam footnote.

c. ✗ Wrong. The Annual Percentage Rate (APR) is a disclosure item. It is not a separate charge registered at the land title office. The footnote points to the financial-institutions regulator of that time, not to the land title office.

d. ✗ Wrong. The Annual Percentage Rate rests on the Business Practices and Consumer Protection Act, not on a trading-services conduct rule. The footnote does not name the former real estate council either. Real estate regulation was later brought into BCFSA, and that cannot be used to replace the name in the footnote.

112′ answer c

a. ✗ Wrong. The item already limits the answer to the course-manual footnote. The footnote was not rewritten to name the successor. Replacing the footnote with the current name does not count as correct on the paper.

b. ✗ Wrong. This item does not give credit for either name. The footnote names the old body. The current body is used only when explaining what name to use with a client today.

c. ✓ Correct. The exam wants the Financial Institutions Commission of BC (FICOM) named in the footnote. Regulation is now with BCFSA, but that current fact cannot be written into a blank that must be answered from the footnote.

d. ✗ Wrong. The footnote is about which body's website to consult for further information on the Annual Percentage Rate. It is not the initial disclosure list. The exam version of that list does not differ in substance from the current text. That is a different item.

Chapter 17 answers and reasons

113 answer b

a. ✗ Wrong. The trap is mixing up character and capacity. Employment stability and length of residence are the materials of character. They ask whether the person will pay. Ratios that do not work mean capacity is the weak point, not character.

b. ✓ Correct. Capacity asks whether the person can pay. Its materials are gross annual income and the debt-service ratios. Character asks whether the person will pay. Underwriting is a financial forecast and a behavioural forecast at the same time. This file is stuck on the financial forecast.

c. ✗ Wrong. Credit looks at past payment habits and the credit report. The stem says the report is orderly. What binds is the debt-service ratio calculated from income, and that is capacity.

d. ✗ Wrong. Collateral asks what makes up the shortfall if the borrower cannot pay, and its material is the property itself. Income ratios that do not fit have not yet reached collateral, which is the second line of defence.

113′ answer d

a. ✗ Wrong. The trap is mixing up character and capacity. The ratios already fit, so capacity is not the weak point. The course does not treat the number of moves as an automatic reduction of gross annual income.

b. ✗ Wrong. Collateral looks at the property itself. A change of address is material for character, used to judge whether this person will pay. It is not whether the house can stand as security.

c. ✗ Wrong. Capital looks at how much of the down payment is the buyer's own money and whether the buyer saves. Its material is the assets-and-liabilities section of the application. A job change by itself cannot prove that the down payment was borrowed.

d. ✓ Correct. Character asks whether the person will pay. It looks at employment stability, length of residence, and industry experience, and it is a behavioural forecast. Ratios that fit only show that capacity has passed. They cannot stand in for character.

114 answer d

a. ✗ Wrong. The trap is treating the offer price as the lending value. The purchase price is the figure the two parties negotiated. The lender does not recognize the part paid above value, and the loan–to–value ratio does not multiply the purchase price.

b. ✗ Wrong. Purchase cost is the purchase price plus fees such as legal fees, the appraisal fee, and the credit–report fee, plus any bonus. It is always higher than the purchase price. It is larger than the purchase price, so it is even less the lending value.

c. ✗ Wrong. When two appraisals of the same home differ by 3% to 5%, the lower one is taken. The lender also underwrites on the lower of market value and lending value, not on the more recent or the higher one.

d. ✓ Correct. Market value is the estimated price that could be agreed in a reasonable listing period. Lending value is a long–term conservative valuation, and it is usually lower. The lender takes the lower of the two. When two appraisals differ by 3% to 5%, the lower one is also taken. A higher purchase price does not raise that base.

114′ answer a

a. ✓ Correct. Purchase cost equals the purchase price plus all the fees and any bonus, and it is always higher than the purchase price. The loan–to–value ratio multiplies the lending value, and the lender also takes the lower of market value and lending value.

b. ✗ Wrong. The trap is treating the offer price as the lending value. Lending value is a long–term conservative valuation after short–term and speculative factors are stripped out, and it is usually below market value. Adding fees and a bonus moves in the opposite direction from a conservative figure.

c. ✗ Wrong. Market value is the estimated price that fully informed parties to a fair transaction might agree in a reasonable listing period. It is not the purchase price plus fees. The purchase price plus fees and a bonus is the purchase cost.

d. ✗ Wrong. When two appraisals differ by 3% to 5%, the lower one is taken. They are not averaged and then loaded with the fees. Fees and a bonus stay inside purchase cost. They do not enter the lending value.

115 answer a

a. ✓ Correct. The two rulers take the smaller one. Here the collateral ruler is the lower one. Extra room created on the income ruler by paying off the car loan cannot be drawn. When the collateral ruler binds, the adjustment is a larger down payment or a less expensive house.

b. ✗ Wrong. The trap is using the fix for the wrong ruler. Other debt enters the total debt service ratio, which is the income ruler. What is tighter here is the 80% collateral ceiling. Widening the income ruler does not raise the advance.

c. ✗ Wrong. Lengthening the amortization is a fix for the income ruler, used to lower the payment each period. It does not raise the statutory loan–to–value ceiling. The ceiling on an uninsured mortgage is still 80% of lending value.

d. ✗ Wrong. A car loan is other debt inside the total debt service ratio. It is not purchase cost. Purchase cost is the purchase price plus fees and a bonus. The ratio ceiling on an uninsured mortgage multiplies lending value, not purchase cost.

115′ answer c

a. ✗ Wrong. The trap is treating the offer price as the lending value, and using the wrong ruler as well. A higher purchase price does not raise lending value, and it does not relax the income ratios. When the income ruler binds, a more expensive house does not help.

b. ✗ Wrong. The ratio ceiling on an uninsured mortgage is 80% of lending value, not 80% of the purchase price, and what is tighter here is the income ruler. The two rulers take the smaller one. The income ruler cannot be dropped.

c. ✓ Correct. The income ruler is the lower one. When it binds, the adjustment is to lengthen the amortization, lower the rate, pay off other debt, or add a guarantor. The buyer is not short of a 20% down payment, so a larger down payment is not the fix for this file.

d. ✗ Wrong. Cutting the down payment below 20% pushes the loan–to–value ratio above 80%, so the loan must be insured, and it does not relax the debt–service ratios. The fixes for the income ruler are the amortization, the rate, other debt, and a guarantor.

116 answer c

a. ✗ Wrong. The trap is putting the premium into the loan–to–value ratio, and both directions are reversed. After the premium is added to the loan amount, it is not included in the loan–to–value ratio. The face amount including the premium is what is repaid, so it is included in the debt–service ratios.

b. ✗ Wrong. No further premium is charged at renewal or at the end of the term. The insurance covers the whole amortization. There is also no step that puts the premium back into the loan–to–value ratio at renewal.

c. ✓ Correct. The premium may be added to the loan amount. Once added, it is not included in the loan–to–value ratio, but repayment is on the face amount including the premium, so it is included in the debt–service ratios. The insurance covers the whole amortization.

d. ✗ Wrong. Mortgage loan insurance protects the lender. If the borrower defaults and the sale of the house still does not cover the loan, the insurer pays the lender the shortfall and then takes over the claim against the borrower. The lender pays the premium and passes the cost to the borrower. The premium is added to the loan. It is not deducted from the loan, and it does not insure the borrower against a drop in the house price.

116′ answer a

a. ✓ Correct. No further premium is charged at renewal or at the end of the term. The insurance covers the whole amortization. The premium added to the loan at funding was not included in the loan–to–value ratio, and payments that include the premium were included in the debt–service ratios.

b. ✗ Wrong. The trap is putting the premium into the loan–to–value ratio. No premium is charged at renewal. The original premium does not enter the loan–to–value ratio either. Payments that include the premium go into the debt–service ratios. They are not left out of those ratios.

c. ✗ Wrong. The premium is not included in the loan–to–value ratio, so it cannot be used to press the ratio back to 80%. Insurance is required only above 80%. Adding the premium to the face amount does not go back and change that ratio.

d. ✗ Wrong. The course has no rule that the premium is refunded when payments are made on time. The insurance covers the whole amortization. Nothing further is charged at renewal, and the premium is not refunded into gross annual income.

117 answer b

a. ✗ Wrong. The trap is using current figures as the exam answer, and it also drops the buffer. The current floor is 5.25%, and 2% must be added to the contract rate before the comparison. The other anchor on the exam standard is the Bank of Canada five-year posted rate, not 5.25%.

b. ✓ Correct. On the exam standard, 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 five-year posted rate stopped being the test on 2021-06-01.

c. ✗ Wrong. The qualifying rate is the figure used to test whether the borrower can pay. It is not the rate actually charged in the contract. The exam standard also requires a comparison with the Bank of Canada five-year posted rate. The test cannot stop at the contract rate.

d. ✗ Wrong. The exam standard takes the higher of two different figures. The contract rate plus 2% is only one of them. The Bank of Canada five-year posted rate is not another name for that same figure.

117′ answer d

a. ✗ Wrong. The trap is using current figures as the exam answer. The higher of the contract rate plus 2% and 5.25% is the current minimum qualifying rate. The sentence in the exam manual is still the higher of the Bank of Canada five-year posted rate and the contract rate plus 2%.

b. ✗ Wrong. The contract rate plus 2% is not the rate actually collected. What is collected is the contract rate. The contract rate plus 2% is one of the two figures compared on the exam standard. It cannot be dropped, and the posted rate cannot be used alone.

c. ✗ Wrong. Taking the higher figure means keeping the larger one after the comparison. It does not mean averaging the two figures. The exam standard has no midpoint method.

d. ✓ Correct. The exam answer is the higher of the Bank of Canada five-year posted rate and the contract rate plus 2%. The test cannot stop at the contract rate plus 2%. The current rule is different: the minimum qualifying rate is the higher of the contract rate plus 2% and 5.25%, and the five-year posted rate stopped being the test on 2021-06-01.

118 answer d

a. ✗ Wrong. The trap is using current figures as the exam answer. A gross debt service ratio of 39% and a total debt service ratio of 44% are the current ceilings on an insured mortgage. The exam manual states the insured ceilings as 35% and 42%.

b. ✗ Wrong. The 30% and 40% often seen in the manual are the customary figures for an uninsured mortgage. They are not the exam ceilings for an insured mortgage, and they should not be memorized as statutory values. On the uninsured side, current regulation states no figure, and each lender sets its own.

c. ✗ Wrong. What states no figure is the current uninsured mortgage: B-20 only requires the calculation to be conservative and to be tested on a stress case. An insured mortgage has stated ceilings in the exam manual. The answer is not whatever each lender publishes that day.

d. ✓ Correct. On the exam standard, the insured ceilings are a gross debt service ratio of 35% and a total debt service ratio of 42%. The current insured ceilings are 39% and 44%, and gross debt service is calculated on principal, interest, property taxes, and heating, plus 50% of the strata fees.

118′ answer a

a. ✓ Correct. When the answer follows the course manual, an insured mortgage uses a gross debt service ratio of 35% and a total debt service ratio of 42%. The current insurer ceilings are a gross debt service ratio of 39% and a total debt service ratio of 44%. That current pair is not the answer to this exam question.

b. ✗ Wrong. The trap is using current figures as the exam answer. 39% and 44% are the current ceilings on an insured mortgage. The question requires the course manual, and the manual is still 35% and 42%.

c. ✗ Wrong. 30% and 40% are the customary figures for an uninsured mortgage in the manual. They are not the statutory ceilings for an insured mortgage, and they cannot be memorized as statutory values. This question asks about an insured mortgage. The exam answer is 35% and 42%.

d. ✗ Wrong. An insured mortgage has stated ceilings in the exam manual. What each lender sets for itself, with no figure from the regulator, is the current uninsured mortgage, not this question.

119 answer a

a. ✓ Correct. An annual payment that may not exceed 80% of net operating income is a safety margin of 20%. The debt coverage ratio equals 1 divided by (1 minus the safety margin). 20% converts to 1.25.

b. ✗ Wrong. The trap is treating the coverage ratio as the share that may be paid. 80% is the share of net operating income that may be used for the payment. The debt coverage ratio is the multiple that net operating income must reach against the annual payment. Here that multiple is 1.25, not 0.80.

c. ✗ Wrong. A figure of 1.2 often seen for an apartment building is a market custom, not a statute, and it cannot replace the 20% safety margin the stem already gives. A stated margin must be converted. 20% corresponds to 1.25.

d. ✗ Wrong. A debt coverage ratio of 1.30 corresponds to a safety margin of about 23.08%. That is a different pair, not 20%. The 20% margin and the customary apartment multiple cannot be added together.

119′ answer c

a. ✗ Wrong. The trap is treating the coverage ratio as the share that may be paid. 1.30 is not a safety margin of 30%. It means net operating income must reach 1.30 times the annual payment.

b. ✗ Wrong. A safety margin of 20% corresponds to a debt coverage ratio of 1.25, not 1.30. Apartment buildings are often at 1.2, at 1.3 to 1.35 when the market is volatile, and non–apartment property such as warehouse and industrial at 1.4 to 1.5. All of those are market custom, not statute. The stem already gives 1.30, so the conversion uses 1.30.

c. ✓ Correct. A debt coverage ratio of 1.30 equals a safety margin of about 23.08%. The conversion is that the coverage ratio equals 1 divided by (1 minus the safety margin). The annual payment may not exceed the part of net operating income left after that margin is kept back.

d. ✗ Wrong. The safety margin is the share kept back from net operating income. It is not 1.30% of the loan amount. The margin that the multiple 1.30 converts into is about 23.08%.

Chapter 18 answers and reasons

120 answer b

a. ✗ Wrong. The trap is treating the official community plan as what can be built now. The plan map designates the intended use. It is not a building permission for today.

b. ✓ Correct. The official community plan is policy and governs long–term direction. The zoning bylaw is what states what may be built now. Today's limit is what the current zoning allows, not the future high density on the plan map. A use that does not conform to the plan must amend the plan first.

c. ✗ Wrong. The trap is treating the two documents as a choice of either one. After the plan is adopted, later bylaws and permits must be consistent with it, but what can be built right now is still governed by the zoning rules.

d. ✗ Wrong. The trap is swapping the time of the two tools. The zoning bylaw governs the present. The official community plan governs the future. High density written in the plan does not mean construction can skip a zoning amendment.

120′ answer d

a. ✗ Wrong. The trap is treating the official community plan as what can be built now. Adoption of the plan does not replace the zoning bylaw. The warehouse is still not allowed by the current zoning today.

b. ✗ Wrong. The trap is using the number of storeys to change which tool does what. The number of storeys does not decide which document is in force. Whether something can be built now is read from the zoning bylaw, not from how tall the building is.

c. ✗ Wrong. The trap is stretching a home occupation into a warehouse. A home occupation is a common accessory rule in zoning. The course does not write it as a substitute for an industrial warehouse use.

d. ✓ Correct. The official community plan shows future direction only. Until the zoning bylaw allows the warehouse, the present rules remain the detached-house and home-occupation rules. The plan map cannot support a building permit on its own.

121 answer a

a. ✓ Correct. A legal non-conforming use may continue, and it is not lost because the occupier changes. It is lost only after six continuous months of discontinuance. Five months has not reached that line. Current law changes the discontinuance threshold to 90 days only inside the City of Vancouver, and this question is not in Vancouver.

b. ✗ Wrong. The trap is mixing up the two sets of numbers. Ninety days is the discontinuance threshold in the Vancouver Charter, not the province-wide rule. Outside Vancouver, the province-wide rule is six continuous months.

c. ✗ Wrong. The trap is tying the status to the original occupier. A non-conforming use is unaffected by a change of ownership. Changing the tenant while the use stays the same does not end it.

d. ✗ Wrong. The trap is treating vacancy as damage. Seventy-five percent is the rebuilding threshold on the value above the foundation, determined by the building inspector. This question has no damage. Vacancy is counted on its own against the six months.

121′ answer c

a. ✗ Wrong. The trap is inventing a twelve-month threshold. The course line for discontinuance is six continuous months. A sale by itself does not end a non-conforming use either.

b. ✗ Wrong. The trap is mixing up the two sets of numbers. Extending 90 days to 180 days at most is a power of the Vancouver board of variance only. Eight months is also already past 180 days.

c. ✓ Correct. After six continuous months of discontinuance, a legal non-conforming use is lost, and later use must conform. Eight months is past that line. Whether ownership has changed does not change the count of those six months.

d. ✗ Wrong. The trap is using the damage threshold to cancel the discontinuance threshold. Seventy-five percent governs whether the building may be repaired or rebuilt for the former use. Vacancy does not wait until the building is damaged before it starts to count.

122 answer c

a. ✗ Wrong. The trap is thinking a variance can change the use. Council may, by resolution, use a development variance permit to relax many kinds of rules, but it must not change use or density, and it must not change a flood-plain elevation.

b. ✗ Wrong. The trap is using undue hardship to open up the use. The board of variance makes only a minor variance of siting, size, or dimensions. Undue hardship is one condition for making an order. It cannot be used to change use or density.

c. ✓ Correct. Neither a development variance permit nor an order of the board of variance may change use or density. Changing a single dwelling into an apartment, or raising the floor space ratio, requires a zoning amendment.

d. ✗ Wrong. The trap is treating a temporary permit as a permanent rezoning. A temporary use permit runs for at most three years and may be renewed only once. After the renewal it is still not a permanent zoning use.

122′ answer a

a. ✓ Correct. Raising the floor space ratio is a change of density. The board of variance may make only a minor variance of siting, size, or dimensions, and it must not change use or density. Undue hardship cannot open that prohibition.

b. ✗ Wrong. The trap is thinking a variance can change the use. Undue hardship must be shown together with conditions that include not changing use or density before the board may make an order. Hardship itself is not authority to change density.

c. ✗ Wrong. The trap is calling the floor space ratio a mere matter of height. This question asks to go above the floor space ratio maximum in the zoning, and that is density. It is not a small height adjustment where the setbacks already comply.

d. ✗ Wrong. The trap is using a development permit to change a zoning figure. A development permit sets conditions of construction only inside a development permit area already designated in the official community plan. It cannot raise the floor space ratio maximum in the zoning.

123 answer d

a. ✗ Wrong. The trap is treating a drop in value as a claim. When zoning changes development potential, the course does not treat that as an expropriation, and the loss it causes is not compensated.

b. ✗ Wrong. The trap is using whether a hearing was held to decide whether compensation is paid. Loss caused by adopting an official community plan, passing a zoning bylaw, issuing a land use permit, or terminating a land use contract is not compensated.

c. ✗ Wrong. The trap is inventing a procedure that pays the gap. The course has no rule that the property is appraised and the gap is then paid. This question also has no exception that limits the land to a public use.

d. ✓ Correct. No compensation. A drop in land value, or a loss, caused by passing a zoning bylaw is not compensated. The only exception is a bylaw that limits the land to a public use, and this question has no such exception. This rule is the same on the exam standard and under current law.

123′ answer b

a. ✗ Wrong. The trap is treating a drop in value as a claim. An official community plan is policy, but a drop caused by adopting it is also on the list of losses that are not compensated. It is not paid merely because it is advice.

b. ✓ Correct. A drop in land value caused by adopting an official community plan is not compensated. The exception is still only a bylaw that restricts the land to a public use. The zoning bylaw not yet being amended does not create compensation. The exam standard and current law agree on this rule.

c. ✗ Wrong. The trap is treating the fact that zoning has not yet been amended as a reason to compensate. On the statutory list of losses that are not compensated, adopting an official community plan is itself an item. It does not have to wait until a zoning bylaw is also passed.

d. ✗ Wrong. The trap is splitting the two documents into one that pays and one that does not. Loss caused by adopting the plan and loss caused by passing a zoning bylaw are both not compensated. The course has no half compensation.

124 answer a

a. ✓ Correct. The exam standard is that a rezoning generally requires a public hearing, and the hearing must be after first reading and before third reading. Current law forbids a hearing for a rezoning that is consistent with the official community plan, whose only purpose is residential, and where housing is more than half of the total floor area, and for a zoning bylaw passed only to meet the small-scale multi-unit housing requirement. On the answer sheet, do not choose the prohibition.

b. ✗ Wrong. The trap is using current law as the exam answer. A ban on a hearing when the amendment is consistent with the official community plan, its only purpose is residential development, and housing is more than half of the proposed total floor area, is the current text. It is not the answer in the exam manual.

c. ✗ Wrong. The trap is using current law as the exam answer. A zoning bylaw passed only to comply with the small-scale, multi-unit housing requirement forbids a hearing. The exam standard has no such rule.

d. ✗ Wrong. The trap is moving the hearing to after adoption. The course places the hearing after first reading and before third reading. Speaking to staff cannot stand in for that sequence.

124′ answer d

a. ✗ Wrong. The trap is using current law as the exam answer. Forbidding a hearing according to whether housing is more than half the floor area is the current rule. It is not the rule in the course manual.

b. ✗ Wrong. The trap is writing the current-law move of public participation forward to a plan update as if the exam manual had already ended rezoning hearings. The exam standard still writes the hearing into the usual process.

c. ✗ Wrong. The trap is inventing a petition threshold. The course does not provide that a hearing may be held only if a neighbour files a petition before first reading. The exam standard is that a hearing is generally required.

d. ✓ Correct. What the exam wants is that a rezoning generally holds a public hearing, and the hearing is not cancelled according to the share of floor area that is housing. Current law forbids a hearing when the rezoning is consistent with the official community plan, its only purpose is residential, and housing is more than half the floor area. That is not the exam answer to this question.

125 answer b

a. ✗ Wrong. The trap is treating zoning approval as a licence to open. A broad class of use allowed by zoning does not automatically produce a business licence. The two bylaws must be checked separately.

b. ✓ Correct. The business licensing bylaw is a separate gate. Zoning may allow retail service, and the licence bylaw may still prohibit one particular kind of business. An application must not be refused unreasonably, and a refusal must give written reasons on request.

c. ✗ Wrong. The trap is writing a licence application as something that may be refused for any reason. An application must not be refused unreasonably. A refusal must state the reasons in writing on request. Before a licence is cancelled or suspended, notice and a chance to be heard are also required.

d. ✗ Wrong. The trap is treating zoning approval as a licence to open. A municipality may use a prohibition in the licence bylaw, or a very high licence fee, to restrict a kind of business that the zoning does not name.

125′ answer c

a. ✗ Wrong. The trap is treating zoning approval as a licence to open. Zoning that does not name and prohibit the business does not mean the licence bylaw cannot prohibit that particular business.

b. ✗ Wrong. The trap is treating a high licence fee as automatically unlawful. The course states that a municipality may use a very high licence fee to restrict a class of business. Zoning that allows a commercial use does not remove the licence gate.

c. ✓ Correct. The zoning bylaw and the business licensing bylaw must be checked separately. Zoning that allows retail and personal service does not mean a play centre will certainly receive a licence.

d. ✗ Wrong. The trap is treating the licence rule as special to Vancouver. Zoning and licensing are two documents, and this point does not depend on whether the property is inside the City of Vancouver. Vancouver's special numbers are the days of discontinuance and the fire-damage percentage for a non-conforming use.

126 answer d

a. ✗ Wrong. The trap is using current law as the exam answer, and it also adds an item of compensation. That all of them ended on 2024–06–30 with no compensation is the present law. It is not the sentence the exam manual wants selected.

b. ✗ Wrong. The trap is reading the winding–up of old contracts as a reopening. From 1978, no new land use contract has been issued. Later amendments did not restore the signing of new ones.

c. ✗ Wrong. The trap is reducing the contract to a paragraph in the plan. A land use contract is registered as a restrictive covenant, and it ranks ahead of the zoning bylaw. It is not a policy paragraph of the official community plan.

d. ✓ Correct. The exam standard says these older land use contracts are mostly still in effect unless the parties agree to end them, and it states that a 2014 amendment required termination before 2024. Current law is that all of them ended on 2024–06–30, with no compensation.

126′ answer a

a. ✓ Correct. On the exam standard, a land use contract that the parties have not agreed to end is mostly still in effect, and it has priority over the zoning bylaw. Current law is that all of them ended on 2024–06–30. A notation may still appear on title, but it is no longer an effective land use rule.

b. ✗ Wrong. The trap is using current law as the exam answer. 2022–06–30 is the date by which current law required a municipality to adopt a replacement zoning bylaw. The contract termination date is 2024–06–30. Neither date is the exam manual's answer for a contract that is still in effect.

c. ✗ Wrong. The trap is using adoption of the plan to cancel the contract, and adding compensation. The exam standard does not treat adoption of an official community plan as an event that automatically ends a land use contract. Loss caused by terminating a land use contract is not compensated either.

d. ✗ Wrong. The trap is treating the contract as a note on a building permit. What it states is how this land may be used. Once registered, it ranks ahead of the zoning bylaw. It is not an annotation on a construction permit.

Chapter 19 answers and reasons

127 answer b

a. ✗ Wrong. The trap is applying the GST collection rule to property transfer tax. GST is the tax the seller generally collects. The trigger for property transfer tax is not the contract of purchase and sale, and the seller has no duty to collect it.

b. ✓ Correct. Property transfer tax is triggered when an interest in land is registered at the land title office. The buyer must pay it in full, together with the return, to the government before registration can be completed. The seller has no duty to collect it, which is the opposite of GST. The exam standard and the current rule agree on this point.

c. ✗ Wrong. The trap is applying the five specified areas of the additional property transfer tax to the general transfer tax. The general property transfer tax is not limited to those five areas. Signing the contract does not trigger it. Registration does.

d. ✗ Wrong. The trap is applying the GST exempt supply to property transfer tax. What previously occupied housing used as a residence is usually exempt from is GST. On registration the buyer usually still pays property transfer tax.

127′ answer d

a. ✗ Wrong. The trap is shrinking the interests that can be registered down to a fee simple sold for a price. A life estate is within the reach of registration. The absence of a purchase contract does not take it out.

b. ✗ Wrong. The trap is applying the GST collection rule to property transfer tax. The person who grants the interest is not the collector of property transfer tax. The tax sits with the buyer or the transferee and is paid to the government before registration.

c. ✗ Wrong. The trap is treating the $2,000,000 rate bracket as the point where tax begins. Crossing that line only moves the excess into the 3% slice. Value below it is still taxed.

d. ✓ Correct. A life estate is an interest that can be registered at the land title office, and registration can trigger property transfer tax. The transferee must pay the tax before registration is completed. The trigger is registration, not a contract of purchase and sale, and the donor has no duty to collect it.

128 answer d

a. ✗ Wrong. The trap is adding 2% to the whole amount once the value passes three million. Going over $3,000,000 does not move the entire fair market value into the top bracket, and the further 2% does not cover the first $3,000,000.

b. ✗ Wrong. The trap is applying the five specified areas to the upper bracket of the general transfer tax. The further 2% is the high residential bracket. It is not limited to the five areas of the additional tax on a foreign entity. The portion of a Prince George residence above $3,000,000 still bears it.

c. ✗ Wrong. The trap is applying the GST collection rule to property transfer tax and also charging the further rate on the whole amount. Property transfer tax is paid by the buyer directly to the government. The further 2% falls only on the residential portion above $3,000,000, and the amount above $2,000,000 already has its own 3% slice.

d. ✓ Correct. The further 2% on the residential portion above $3,000,000 is charged in slices, and only on the amount above the line. Of $3,400,000, only $400,000 enters that bracket. Below it, the first $200,000 is still at 1%, the amount up to $2,000,000 is at 2%, and the amount above $2,000,000 is at 3%. The exam standard and the current rule agree on this point.

128′ answer a

a. ✓ Correct. On a mixed–use property the further 2% is charged only on the residential portion, and only on the residential slice above $3,000,000. Of the residential $3,200,000, only $200,000 bears the further 2%. The commercial portion of $1,000,000 does not bear that bracket.

b. ✗ Wrong. The trap is adding 2% to the whole amount once the value passes three million. The building as a whole being above $3,000,000 does not put the entire fair market value into the further 2%, and the commercial portion does not enter that bracket.

c. ✗ Wrong. The trap is adding 2% to the whole amount once the value passes three million. Once the residential portion crosses the line, the further 2% still applies only to the excess. The first $3,000,000 of residential value does not bear it.

d. ✗ Wrong. The trap is substituting GST for property transfer tax. A commercial use does not cancel the further 2% on the residential portion. The two taxes are calculated separately.

129 answer a

a. ✓ Correct. The exam-standard First Time Home Buyers' Program fully exempts a fair market value of $500,000 or less, and the partial exemption goes only to $525,000. $610,000 is already above the partial-exemption ceiling, so this exemption does not apply. The current rule is different: from 2024-04-01 the full line is $835,000 and the partial line goes to $860,000, and what is exempt is the tax on the first $500,000 of the price.

b. ✗ Wrong. The trap is using a current threshold as the exam answer. $835,000 is the current full-exemption line from 2024-04-01, not the manual's $500,000. In the manual, $610,000 is already above $525,000.

c. ✗ Wrong. The trap is using a current threshold as the exam answer. Exempting the tax on the first $500,000 of the price and taxing the balance at 2% is the current mechanism from 2024-04-01. Above $525,000 the manual no longer gives this exemption.

d. ✗ Wrong. The trap is using a current threshold as the exam answer and stretching the partial band. The manual's partial exemption goes only to $525,000. It does not run on to $835,000.

129′ answer c

a. ✗ Wrong. The trap is using a current threshold as the exam answer. A full exemption of the whole amount under $835,000 is not the manual's rule. The manual's full line stops at $500,000.

b. ✗ Wrong. The trap is leaving out the partial-exemption band. Going over $500,000 does not immediately end all relief. The manual's partial exemption runs up to $525,000.

c. ✓ Correct. The exam standard gives a full exemption up to a fair market value of $500,000, and the partial band is above $500,000 up to $525,000. $515,000 falls inside the partial band. It is not a full exemption of the whole amount. The current rule is different: from 2024-04-01 the full line is $835,000 and the partial line goes to $860,000, and the mechanism changes to exempting the tax on the first $500,000 of the price.

d. ✗ Wrong. The trap is using a current threshold as the exam answer. Exempting only the tax on the first $500,000 of the price is the current mechanism. Between $500,000 and $525,000 the manual gives a partial exemption, not that calculation.

130 answer c

a. ✗ Wrong. The trap is taxing the whole market value. The additional tax is calculated only on that person's registered share. The brother's 40% does not enter her tax base.

b. ✗ Wrong. The trap is splitting the base equally by the number of people on title. The course calculates each registered share. Sofia is registered for 60%, not one half.

c. ✓ Correct. The additional property transfer tax is charged at 20% on the registered share of the residential fair market value. Sofia is registered for 60%, so the base is 60% of $900,000, which is $540,000, and the additional tax is then 20% of that base. The Regional District of Nanaimo is one of the five specified areas. The exam standard and the current rule agree on this point.

d. ✗ Wrong. The trap is leaving Nanaimo out of the specified areas. The five areas are the Capital Regional District, the Fraser Valley Regional District, the Metro Vancouver Regional District, the Regional District of Central Okanagan, and the Regional District of Nanaimo. The general property transfer tax is still charged on its own, and the additional tax is not zero.

130′ answer a

a. ✓ Correct. The additional property transfer tax does not apply on Tsawwassen First Nation treaty land, even when the buyer is a foreign corporation and the interest is 100%. The five specified areas and the 20% rate do not apply on this treaty land. The exam standard and the current rule agree on this point.

b. ✗ Wrong. The trap is using the whole market value or an old rate, and ignoring the treaty land. Twenty percent of $1,200,000 is $240,000, but this land is outside the additional tax.

c. ✗ Wrong. The trap is using the whole market value or an old rate. 15% is not a rate kept for treaty land. Treaty land is outside the additional tax. It is not charged at the old rate so as to collect $180,000.

d. ✗ Wrong. The trap is using the shareholder list to take a company out of foreign-corporation status. A company incorporated in BC, with no foreign national on the shareholder list, can still be found to be a foreign corporation because of control. This question charges no additional tax because treaty land is excluded, not because of the corporate form.

131 answer b

a. ✗ Wrong. The trap is swapping what is exempt and what is taxable. An intention to live in the home cannot turn a never-occupied new home into an exempt supply. New housing is usually taxable.

b. ✓ Correct. GST is 5%. A supply is a taxable supply unless it falls within an exempt supply. A never-occupied new home is usually taxable, and a seller who is a Canadian resident collects and remits it. Previously occupied housing used as a residence is usually exempt. The buyer self-assesses only on a commercial transaction where the buyer is already registered, or where the seller is a non-resident. Neither of those fits this question, so the tax does not shift to the buyer to self-assess.

c. ✗ Wrong. The trap is treating buyer self-assessment as the general rule. The seller is generally the person who collects. Buyer self-assessment is the exception for a commercial transaction by a registered buyer, and for a non-resident seller. The buyer does not self-assess on every real property deal.

d. ✗ Wrong. The trap is swapping what is exempt and what is taxable. The direction is reversed. A never-occupied new home is usually taxable, and previously occupied housing used as a residence is usually exempt. Whether there is a gain is an income-tax question. It does not decide whether the supply is taxable.

131′ answer d

a. ✗ Wrong. The trap is writing seller collection as a rule with no exception. When the seller is a non-resident, the buyer self-assesses and reports the tax. The collection rule for a resident seller no longer applies.

b. ✗ Wrong. The trap is swapping what is exempt and what is taxable. The most common exempt supply is previously occupied housing used as a residence. Commercial property is usually still a taxable supply. Use as a shop does not turn it into the residential exemption.

c. ✗ Wrong. The trap is using a current threshold as the exam answer. The first-time buyer GST rebate of up to $50,000 is aimed at a first owner-occupied new home, not a shop unit, and that rebate is not in the exam standard.

d. ✓ Correct. Commercial property is usually a taxable supply. When the seller is a non-resident, the buyer self-assesses and reports the GST, and the seller does not collect it. An input tax credit belongs only to a commercial buyer who has a GST registration number. The buyer in this question has no registration number.

132 answer d

a. ✗ Wrong. The trap is treating withholding as the seller's job. The duty sits with the buyer. After the price has been paid in full, a later collection still looks to the buyer.

b. ✗ Wrong. The trap is treating withholding as the seller's job and using the 50% inclusion rate as the withholding rate. Under the exam standard, 50% is the share of a capital gain included in taxable income. The withholding rate is 25% of the gross price, and that amount is a temporary withholding. It does not treat the whole gain as business income.

c. ✗ Wrong. The trap is replacing the withholding condition with 730 days. A hold of fewer than 730 days is the holding threshold of the home flipping tax from 2025-01-01, and that tax is not in the exam standard. Non-resident withholding does not look at how many days the home was held.

d. ✓ Correct. 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, not the final tax. Paying in full does not take the duty off the buyer. When the seller is a Canadian resident, the buyer has no such duty. The exam standard and the current rule agree on this point.

132′ answer b

a. ✗ Wrong. The trap is treating withholding as the seller's job and also withholding where the seller is a resident. When the seller is a Canadian tax resident, the buyer has no withholding duty. There is no step of withholding first and claiming it back later.

b. ✓ Correct. Withholding 25% arises only when the seller is not a Canadian tax resident. When the seller is a resident, the buyer has no such duty. Resident status still has to be confirmed in the completion process, but the declaration in this question and the years of filing have already ruled out the non-resident case.

c. ✗ Wrong. The trap is applying the 20% additional property transfer tax to the withholding. Twenty percent is the additional transfer tax on residential property in the specified areas. A completion with a resident seller has no 25% withholding, and it is not changed to a 20% withholding.

d. ✗ Wrong. The trap is treating withholding as the seller's job. The withholding duty sits with the buyer, and it arises only when the seller is not a Canadian tax resident. A resident seller does not withhold 25% from her own sale proceeds.

133 answer a

a. ✓ Correct. Vancouver's empty homes tax requires a property status declaration, and failing to file means the property is deemed vacant. The exam-standard rate is 1%. A speculation and vacancy tax return does not decide the City tax. The current rule is different: a property that was vacant in the 2025 reference year is charged empty homes tax at 3% of taxable assessed value.

b. ✗ Wrong. The trap is treating one filing as covering every tax. A provincial return cannot stand in for the City's property status declaration. Filing one tax does not mean the other tax is done.

c. ✗ Wrong. The trap is using a current threshold as the exam answer. Treating the property as vacant when no declaration is filed is right, but 3% is the current rate for the 2025 reference year. The empty homes tax in the manual is 1%.

d. ✗ Wrong. The trap is folding the figures from three taxes into one. 730 days is the holding period of the home flipping tax, and that tax is not in the manual. 0.5% is the manual's speculation and vacancy tax rate for a Canadian citizen, not the empty homes tax. The empty homes tax looks at a failure to file, which deems the property vacant, and at vacancy for six months in the year.

133′ answer c

a. ✗ Wrong. The trap is applying the citizen's rate to a foreign owner. In the manual, 0.5% is the rate for a Canadian citizen or a permanent resident. A foreign owner is not in that bracket.

b. ✗ Wrong. The trap is using a current threshold as the exam answer. 3% for a foreign owner is the current rate for the 2026 tax year, and from 2027 the rate is 4%. That is not the bracket the manual records.

c. ✓ Correct. Under the exam standard, from 2019 the speculation and vacancy tax is 2% for a foreign owner and 0.5% for a Canadian citizen or a permanent resident. Kelowna is inside a taxable area in the manual, and Vancouver's empty homes tax does not reach Kelowna. The current rule is different: for the 2026 tax year a foreign owner pays 3%, and from 2027 the rate is 4%.

d. ✗ Wrong. The trap is treating one tax as covering the others and applying the City rate to the provincial tax. In the manual, 1% is Vancouver's empty homes tax, not the speculation and vacancy tax. The empty homes tax does not apply to this Kelowna condo.

Chapter 20 answers and reasons

134 answer b

a. ✗ Materials and labour are the 2–year tier. Calling that tier five years swaps the durations and exchanges the short tier with the middle tier.

b. ✓ The usual name is the 2–5–10 warranty: materials and labour for 2 years, the building envelope including water penetration for 5 years, and structural defects for 10 years. Five years matches the envelope, and water penetration is included. These durations in the exam wording match the current regulation.

c. ✗ Structural defects are 10 years, not 5. When the years are swapped, the longest tier is the one most easily misstated as the envelope.

d. ✗ The mandatory warranty does not gather every latent defect into one flat five–year period. The three durations must stay separate. A middle number cannot stand in for the whole table.

134′ answer c

a. ✗ Materials and labour are 2 years. Choosing this item calls the shortest tier the longest tier. That is still a swap of the years.

b. ✗ The building envelope, including water penetration, is 5 years. Five and ten sit next to each other, so a stem that asks for ten years is most easily stopped at the envelope.

c. ✓ In the 2–5–10 warranty, 10 years matches structural defects. The envelope is 5 years, and materials and labour are 2 years. A townhouse is a strata unit, and that does not change which duration matches which tier.

d. ✗ Figures such as $2,500,000 for common property are minimum coverage amounts, not a fourth duration. The coverage formula and the periods of 2, 5, and 10 years are two separate tables. An amount cannot be described as a ten–year class of cover.

135 answer d

a. ✗ The combined original purchase price of all units is one of the three candidate figures, not the figure adopted automatically. On this question it is the highest. Taking the higher amount selects it, while the provision wants the lowest of the three.

b. ✗ $100,000 per unit times the number of units is also only a candidate figure. Forty units equal $4,000,000, which is still above $2,500,000. Do not mix this with the formula for the strata unit itself: the minimum coverage for one unit is the lower of that unit's purchase price and $100,000.

c. ✗ $200,000 belongs to fee simple: the minimum coverage must not be less than the lower of the purchase price and $200,000. It is not one of the three common-property figures, and the whole building cannot be reduced to that one tier of cover.

d. ✓ The minimum coverage for common property must not be less than the lowest of three figures: the total original purchase price of $18,000,000, $100,000 per unit times 40 units, which equals $4,000,000, and $2,500,000. The lowest is $2,500,000. If the unit count were small enough that the product fell below $2,500,000, the lowest figure would become that product. This question is not that case. These figures in the exam wording match the current regulation.

135′ answer a

a. ✓ The minimum coverage for fee simple must not be less than the lower of the purchase price and $200,000. $640,000 is the higher figure, so the lower figure is $200,000. This is a floor on coverage. It is not the common-property formula applied to this home.

b. ✗ When the purchase price is above $200,000, the lower figure is not the full price. Choosing the full price is taking the higher amount. It hears "must not be less than the lower figure" as "must cover the entire purchase price."

c. ✗ The lower of the purchase price and $100,000 is the strata-unit formula. This home is fee simple, so the unit tier cannot be substituted.

d. ✗ $2,500,000 appears only in the common-property formula that takes the lowest of three figures. It is not a uniform minimum for every new home, and it is not the answer for a detached house.

136 answer a

a. ✓ A rainscreen leaves an air space behind the cladding so water that happens to enter can drain by gravity and dry. The lesson of the leaky condo crisis is that an exterior wall cannot rely only on face sealing. The course states that coastal areas use this principle, and this point has not gone out of date.

b. ✗ The cause and effect are reversed. Face sealing does not, in practice, keep every drop out. Once water enters it is locked in, and the wall is harder to dry than a wall with a drainage path. That is the trap that a tighter seal is more waterproof.

c. ✗ The course states that most of what was affected was low-rise multi-unit strata property, with losses estimated at several billion dollars. Low-rise wood frame is exactly the type whose envelope should be examined. It cannot be left out.

d. ✗ The sill is the weakest point for drainage. Flashing must lead water out of the wall, and caulking cannot replace it. This item also reverses another envelope point.

136′ answer d

a. ✗ What a coastal wall has long been required to have is rainscreen drainage and drying, not acceptance of face sealing alone. Removing the cavity is the opposite of the course principle.

b. ✗ Steel frame is uncommon in low-rise buildings in BC. In high-rises it is used more for the lateral-force core. The rainscreen principle is aimed at the coastal envelope, and most leak problems arose in low-rise multi-unit buildings, not only in high-rise steel structures.

c. ✗ Recladding is directly about whether the building envelope has a path to drain and dry. On an older strata, whether the envelope was renewed as a rainscreen matters more than the finishes.

d. ✓ The air space the quote would delete is the part a rainscreen uses so water that enters can drain and dry. Face sealing is the method that failed in the leaky condos. Sealing the joints tighter cannot replace the cavity.

137 answer c

a. ✗ Keeping the old foundation and carrying forward the old year does not cancel the percentage of superstructure removed and replaced. This is the trap that an old look means it is not a new home. The judgment does not follow appearance or the year attached to the house. It follows whether there is substantial reconstruction.

b. ✗ Living in the home for at least one year from first occupancy is one qualification for an owner-builder. It is not the test for substantial reconstruction. Length of residence cannot call a removal and replacement already over 75% an old home.

c. ✓ Substantial reconstruction needs only one of the tests: 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. This question uses the 75% test. Treat it as a new home and confirm that the warranty is in place, unless there is a real exemption. In the course case, a rebuilt house that kept very little of the original structure led to professional liability because the licensee did not realize it was a new home. The next step is to check the New Homes Registry, not to judge whether it looks like an old house.

d. ✗ The 10-year structural warranty runs from warranty commencement, not as a cutoff from the original year built. Substantial reconstruction brings the house back into the new-home framework. The year 1978 cannot be used to close the question.

137′ answer a

a. ✓ The second test is enough on its own. A new foundation, together with new structural components including the foundation itself, reaching 50% of the finished building, makes it a new home. The 75% test does not also have to be met. Keeping the old cladding does not change that percentage.

b. ✗ An old look does not mean it is not a new home. Old siding is appearance. The course says plainly not to judge by appearance, and to look at the percentage and at warranty commencement.

c. ✗ The 75% test and the 50% test are two parallel paths, and one is enough. Once the 50% path is met, the test cannot also require that 75% of the superstructure was removed.

d. ✗ Once substantial reconstruction makes it a new home, the mandatory warranty is not limited to a strata building with common property. A detached house raises the same questions: whether an exemption holds, and whether the warranty is in place.

138 answer b

a. ✗ Two years of occupancy only shows that the ban on sale or listing within 12 months after completion has passed, and it fits the direction of living there for at least one year. It does not cancel disclosure. Treating owner–occupancy as a waiver of disclosure makes the no–sale period and the duty to tell the buyer the same thing.

b. ✓ An owner–builder may be exempt from a builder licence and the mandatory warranty, but on resale an owner–builder disclosure notice must be given, stating whether there is a warranty. If there is no warranty, structural or envelope defects are pursued against the owner personally, not against an insurer. The licensee must get that notice into the contract and suggest that the buyer obtain separate legal advice. Whether the home is worth buying with no warranty is outside what the licensee decides.

c. ✗ What the owner–builder authorization allows is the right to have no mandatory warranty. The listing cannot be written as if the 2–5–10 warranty is included. Stating that there is a warranty when there is no policy turns the disclosure into the opposite statement.

d. ✗ $2,500,000 is one candidate figure in the minimum–coverage formula for strata common property. It is not a ticket that lets an owner–built detached house be shown. What this house has to resolve is the disclosure notice and personal risk, not purchase of the common–property tier.

138′ answer a

a. ✓ When the disclosure notice already states that there is no warranty, envelope or structural defects are pursued against the owner personally, not against an insurer. Eighteen months is past the 12–month no–sale period after completion, and it also meets the direction of at least one year of occupancy. That only shows the home could be sold then. It does not create a policy. The notice exists to make that clear.

b. ✗ The 5–year envelope cover assumes that the mandatory warranty was placed. When the home is owner–built and disclosed as having no warranty, there is no five–year policy treated as automatically in force. Swapping the years here invents a warranty that does not exist.

c. ✗ Length of residence cannot turn the government or the registrar into an insurer. Another form of the claim that owner–occupancy waives disclosure is to replace the policy with the months lived in the home. The course has no such conversion.

d. ✗ Building–envelope warranty is not reserved to common property. The point of this question is that, with no warranty, the owner is personally liable. The type of house does not cancel envelope claims altogether.

139 answer d

a. ✗ Naming only one inspector is the one–name error, and it sits close to advancing the fee. The course requires at least three independent names, for the client to interview and choose. They cannot be collapsed to one name to save time.

b. ✗ Do not advance the inspection fee for the buyer. A later reimbursement does not remove the pressure on the inspector toward the person who paid. A verbal promise to repay is not allowed either.

c. ✗ An inspector's licence cannot replace disclosure. Whenever a referral fee is received for the referral, the source, the amount, and the related facts must be disclosed promptly. Hiding the fee is not cured by the licence threshold.

d. ✓ Do all three together: at least three independent names; do not advance the inspection fee; disclose a referral fee promptly, including the source, the amount, and the related facts. The exam wording cites Rules 5–11 from the RECBC period. The current provision is the Real Estate Services Rules, s.56(1)(b)(i), and it names the home inspector. Those three duties themselves have not changed.

139′ answer c

a. ✗ Do not disparage the inspector's professional judgment because defects were pointed out, and do not comment on the inspector the buyer chose. Pressing the report down by calling the defects not serious is a breach of this limit.
b. ✗ Substituting a preferred inspector and advancing the fee again is still naming only one person and advancing the fee. There must be at least three names, and the fee stays with the buyer.
c. ✓ The same referral limits apply: at least three independent names for the buyer to choose, no advancing of the fee, no criticism of the report, and disclosure of a referral fee by source, amount, and related facts. The four acts in the stem each land on these limits.
d. ✗ The ban on commenting on the inspector's judgment does not turn on whether the referral fee is zero. A zero fee still does not allow the report to be disparaged. A fee that is not zero must also be disclosed.

140 answer a

a. ✓ The code citations for this whole chapter in the exam wording stop at the 2018 edition, based on the National Building Code 2015. The current code is the BC Building Code 2024, based on the National Building Code 2020, in force on 2024-03-08, and it applies to building permits applied for after that date. The exam must state the course edition, not the current edition.
b. ✗ This is the current code as of 2026, not the exam wording in the course manual. Answering with today's code selects this item. The formal exam is answered from the current syllabus of the registered course, and this chapter's citation has not been moved to the 2024 edition.
c. ✗ Which edition applies depends on the building-permit application date, not on the exam day, and the new edition is not applied back to houses already built. A project whose permit was applied for before 2024-03-08 does not switch to the new edition merely because the new edition is in force today.
d. ✗ The course writes the BC Building Code as a provincial adoption on top of the national building code, not as a federal code with no British Columbia edition of its own. That provincial layer cannot be removed from the exam answer.

140′ answer d

a. ✗ This is the current edition, not the wording of the manual. Answering with today's code writes the 2024 edition and the National Building Code 2020 as the exam answer.
b. ✗ The completion date cannot decide the edition. A project whose permit was applied for before the new edition came into force still follows the code in force at the time of the application, even if completion falls in a later year.
c. ✗ The 2014 Vancouver Building Bylaw in the manual, based on the 2012 BC Building Code, applies only in the City of Vancouver. It is not the code edition for the whole province. The province-wide exam answer is the 2018 edition.
d. ✓ The wording that matches the course manual is the 2018 BC Building Code, based on the National Building Code 2015. The current BC Building Code 2024 is based on the National Building Code 2020 and came into force on 2024-03-08. That is the practice rule, sorted by the permit application date. It is not the edition this exam question asks for.

Chapter 21 answers and reasons

141 answer b

a. ✗ The lowest amount the seller will accept is the floor price, not market value. Market value comes from market evidence and accepted technique. Treating the floor price as market value is using one price to answer every question.

b. ✓ The agreed price is value in exchange. It must fall between the floor price and the ceiling price, or no transaction can occur. Neither party knows the other's limit, which is why negotiation is needed. That sale price is not value to the owner, and it does not answer whether the purchase is a good buy for the buyer personally.

c. ✗ The floor price and the ceiling price together are value to the owner. It is highly subjective, and the appraiser is not usually responsible for estimating it. Calling only the buyer's maximum value to the owner, and then giving it to the appraiser to calculate, is wrong on both points.

d. ✗ Whether this price is a good buy for me is investment value. It depends on the buyer's own taxes and financing. The appraiser is responsible for objective market value. The same conclusion cannot answer the investment question.

141′ answer d

a. ✗ Market value does not include one buyer's personal tax position and financing. Answering whether it is worth it for me with the appraisal figure treats market value and investment value as the same question.

b. ✗ The floor price is the lowest amount the seller is willing to accept, and the other party usually does not know it. The buyer is asking whether the purchase is a good buy personally, not for the seller's limit.

c. ✗ Value in exchange is the price the two parties agree. It is not the average of the appraisal and the buyer's maximum. The course also does not prescribe an average as the way to form a value opinion.

d. ✓ Whether it is worth buying for me is investment value. It has to be read with the buyer's own tax position and financing capacity. What the property would probably sell for in the market is market value. The two questions cannot be answered with the same market-value conclusion.

142 answer d

a. ✗ To reconcile is not to add the three conclusions and divide by three. The weight comes from how market participants actually price this kind of property. It does not come from giving each approach an equal share because there are three of them. This is the trap that reconciliation is an average.

b. ✗ The Cost Approach is the most precise in theory, but in practice it is often the least precise, because construction cost and the value the market recognizes often do not match, and depreciation on an older building is hard to estimate accurately. Houses are most often priced by direct comparison. Looking exact on paper is not a reason to adopt the cost figure.

c. ✗ The Direct Comparison Approach rests on the principle of substitution and is used most often for houses. Comparing rent and operating expenses is the Income Approach, used most often for rented commercial property. Valuing a house only from income uses the approach the wrong way.

d. ✓ When the three approaches disagree, reconcile: use professional judgment to say which conclusion is closest to how market participants actually price this kind of property, and do not take an average. This chapter only asks you to remember which setting each approach fits, and this reconciling step.

142′ answer a

a. ✓ For a special–purpose property that lacks market data, such as a church, the Cost Approach is often used: vacant–land value, plus the cost to build new, minus depreciation of the building. It is the most precise in theory, but in practice it is often the least precise, because construction cost and the value the market recognizes often do not match.

b. ✗ The Income Approach is used most often for rented commercial property, comparing rent and operating expenses. A special–purpose property with no stable rent and few sales is not the typical setting the course gives this approach.

c. ✗ The Direct Comparison Approach is used most often for houses that have sales to refer to, and it rests on the principle of substitution. Special–purpose property turns to the Cost Approach because those sales are lacking.

d. ✗ The course does not require every assignment to run all three approaches and then average them. The approach is chosen from the property and the data. Reconcile only when the conclusions disagree, and to reconcile is not to average.

143 answer b

a. ✗ The main difference between a Comparative Market Analysis (CMA) and a formal appraisal report is not who knows the area better. It is the scope of work and how formal the presentation is. Reading the difference as a difference in skill leaves out the limits that should be stated to the client.

b. ✓ This is a Comparative Market Analysis (CMA). It usually takes 3 to 5 comparable properties and judges each as better, worse, or similar, without precise dollar adjustments. It can be as short as one to three pages. Because it usually has no full page of disclaimers, assumptions, and limiting conditions, the licensee must say whether the property was inspected on site and whether information supplied by the client was verified.

c. ✗ A narrative report is the most complete form of appraisal report. It is often used for expropriation, litigation, and other settings that must stand up to questioning. A comparative market analysis is already a simplified direct comparison. It does not have to be rewritten as a narrative report to be valid.

d. ✗ Calling the pages a comparative market analysis does not replace a statement of what was done and what was not done. Because the write–up is short, and usually has no full page of limiting conditions, whether the property was inspected on site has to be stated on its own. Treating a short write–up as the opposite of a formal report assumes that being short means nothing has to be said.

143′ answer c

a. ✗ A form report is the checkbox form with a short explanation that financial institutions commonly use, and it is still an appraisal report. The qualitative comparison used for a listing is not that form. A small page count does not make it the format a lender wants.

b. ✗ The difference is scope of work and formality, not who knows the area better. Deciding whether a lender should accept the pages by who is more expert folds a Comparative Market Analysis (CMA) and a formal appraisal into one thing.

c. ✓ A Comparative Market Analysis (CMA) is a simplified direct comparison used to suggest a list price or an offer price, and it usually makes no precise dollar adjustments. The formal appraisal a lender wants is a different scope of work. The short comparison used for a listing cannot be presented as the lender's appraisal.

d. ✗ An oral report is one form of appraisal report. It is used mostly for testimony in court, and it is not the only form. A form report and a narrative report are both formal reports. That does not mean a listing comparison may be passed off as a lender's appraisal, and it does not mean the two written forms do not count.

144 answer c

a. ✗ Rent only shows that the existing use still works. It does not prove that the existing use is the Highest and Best Use (HBU). Looking only at the rent locks the land to the use that is there now.

b. ✗ The residual method subtracts demolition cost and development cost from the market value on completion. A precise calculation belongs to a professional appraiser. The licensee should help the client understand how latent value affects the price, not hand the client a residual figured to professional precision and call it the list price.

c. ✓ The test question is this: if the building were destroyed, would the market rebuild it the same way. If the answer is yes, the existing use is probably the Highest and Best Use (HBU). If the answer is no, the land has latent value. Property caught between two uses is the easiest to undervalue in a comparative market analysis.

d. ✗ The legal test has already changed. Zoning that allows mid-rise housing means the changed lawful use cannot be left out of the analysis. A building that is still standing, and a lease that is still in place, do not cancel the test of whether the market would rebuild it the same way.

144′ answer b

a. ✗ High rent today touches only part of the financial result. Highest and Best Use (HBU) must also be legally permissible, physically possible, and supported by the market. Dropping the zoning locks the land to the use that is there now.

b. ✓ Highest and Best Use (HBU) is the use that produces the greatest net return under four constraints at once: legally permissible, physically possible, financially feasible, and supported by the market. All four must hold together.

c. ✗ To reconcile is not to take an average, and an average is not the definition of highest and best use. Highest and best use comes at the data-analysis step, before the appraisal approach is chosen.

d. ✗ Value to the owner carries personal tax, pressure on funds, and personal attachment. The appraiser is not usually responsible for estimating it. Highest and best use looks at the greatest net return under the four constraints, not at what the current owner prefers.

145 answer d

a. ✗ The absence of a contract does not mean the absence of a duty. A third party whose reliance on the report was reasonably foreseeable may claim a duty of care in tort. This is the contract side of the trap that duty follows the contract or the result.

b. ✗ A simple overestimate or underestimate is not fault by itself. The reasonable appraiser test asks whether an ordinary peer, with the same information, would have judged the same way. Only when the gap is too large to be explained by a shift in the market must the person who signed explain the reason.

c. ✗ A disclaimer may limit the scope of responsibility, for example by stating that the report is not responsible for structural matters. It cannot waive the professional duty of care that is owed. Obvious cracks that were never recorded are an obvious omission, and the disclaimer does not block that.

d. ✓ The party who paid and gave the instructions proceeds in contract. The party with no contract, whose reliance was foreseeable, proceeds in tort. The two paths do not exclude each other, and both can exist at the same time. The same rule applies to a licensee. It does not depend on whether the person holds the title appraiser.

145′ answer a

a. ✓ A Comparative Market Analysis (CMA) is held to the same reasonable professional standard. A disclaimer may narrow the scope of responsibility, but it cannot waive the duty of care. An appraisal opinion given in a professional capacity is not excused because the person does not hold the title appraiser.

b. ✗ The same legal responsibility applies to anyone who gives an appraisal opinion in a professional capacity. An opinion a licensee gives while assisting a transaction must likewise be independent, impartial, and objective. The title is not the switch that turns the duty on or off.

c. ✗ The lack of a separate appraisal retainer does not cancel the licensee's valuation duty to the client. A footer cannot write away a professional duty that has already been taken on. Duty does not turn on whether the name of the contract contains the word appraisal.

d. ✗ A later price that is different is not fault by itself. The question is whether an ordinary peer, with the same information, would have judged the same way. The footer does not answer that test, and a different result is not negligence by itself.

146 answer a

a. ✓ The exam text is that most provinces do not require appraisers to hold a licence, and BC is the same, under Real Estate Services Regulation s.2.8. The exemption is only for a person whose business is appraisal or home inspection and who provides only those services. After the regulators were combined, the enforcement body became BCFSA. The section number, and the exam answer that a licence is generally not required, did not change. The current rule adds a limit the exam text does not write: a person who already holds a licence cannot rely on this exemption to work privately.

b. ✗ The regulatory merger changed the structure that regulates real estate trading services. It did not bring appraisal into mandatory licensing, and the text of s.2.8 was not changed. Answering that appraisal work must now be licensed, because of the merger, folds two systems of regulation into one.

c. ✗ The association's power stops at expulsion from membership. Expulsion does not stop the person from continuing to take assignments as an appraiser. The association is not a government licensing body, and AACI and CRA are not government licences.

d. ✗ The exam text mentions only the two designations, AACI and CRA. The professional mark now granted together with them is not the answer the exam wants used in place of those two names.

146′ answer c

a. ✗ AACI and CRA are designations of a professional association, not government licences. BC generally does not require a licence of a person whose business is appraisal. Treating the designation as a licence turns expulsion from membership into a ban on practice.

b. ✗ Homes of not more than four units are the scope of CRA, but expulsion affects membership. It does not issue a new government licence by property type. The exam also has no rule that residential work therefore requires a licence.

c. ✓ The exam text states that the association's power stops at expulsion from membership, and that an expelled person may still accept appraisal work as an appraiser. That sits on the same line as the statement that appraisers in BC generally need no licence, and that is still the case now.

d. ✗ Expulsion from membership does not turn the person into a trading-services licensee, and it does not create a requirement to bill through a brokerage. Being named through the brokerage is a current limit on a person who already holds a trading licence and wants to do appraisal work. It is not the effect of expulsion.

147 answer c

a. ✗ This is a feature of the share market, not of real property. Houses sell infrequently, and a house cannot be treated as a homogeneous good traded across the country. Putting the liquidity of shares onto a house reverses the comparison.

b. ✗ One reason in the course is that every property is unique. Location, layout, and condition are hard to standardize. Saying that the same age makes the houses fully the same runs the opposite way from the reason an expert is needed.

c. ✓ Real property is fixed in one place, so it is affected by externalities around it. A new park across the street is a positive externality. A factory next door that gives off a toxic smell is a negative externality. Among the four reasons, this is the one that the market is local. The other three are a low frequency of sales, each property being unique, and durability with a slow reaction.

d. ✗ A house is durable and reacts slowly. When the market falls it cannot be handed back at once, so professional judgment across a cycle is needed. An asset that can be exited quickly, such as a share, is not the course's description of real property.

147′ answer d

a. ✗ The direction is reversed. Shares in one company are homogeneous with one another. Real property is what is unique in every parcel. Homogeneity, together with frequent sales, is why shares almost never need an appraiser.

b. ✗ The course's comparison is that one share trade is usually less important than one real estate transaction. Reversing that importance does not explain why real property needs an expert opinion more.

c. ✗ A low frequency of sales is one reason real property needs an expert. A house often sells only once in several years, so the data points to refer to are few. Frequent sales are on the share side.

d. ✓ The exam's four reasons are a low frequency of sales, each parcel being unique, durability with a slow reaction, and a market that is local and affected by externalities. Shares trade frequently, circulate widely, and are homogeneous with one another, and a single decision is usually less important.

Chapter 22 answers and reasons

148 answer b

a. ✗ The comparable's lot is smaller, so the comparable is inferior to the subject property, not superior to it. For the inferior item, the missing market contribution is added back to the comparable's sale price. Subtracting $6,000 reverses the direction.

b. ✓ The subject property is the benchmark. Its physical attributes cannot be changed. Only the comparable's sale price is adjusted toward it. The comparable is short 500 square feet, so the $6,000 supported by market evidence is added.

c. ✗ The adjustment is not placed on the subject property. The subject property is the benchmark of the comparison, and what changes is the comparable's sale price. Adding $6,000 to the subject changes the benchmark itself. This reverses the direction.

d. ✗ Limiting the search to the same block first lets differences such as nearby amenities be set aside, so fewer groups of factors have to be compared. The comparable's lot is already 500 square feet smaller, and market evidence supports $6,000, so that difference is still adjusted. The same block is not a reason to skip a difference that has already been identified.

148′ answer d

a. ✗ The extra half–bathroom is on the comparable, so this sale price already includes that advantage. The $9,000 should be subtracted before the sale is compared with a subject property that does not have that half–bathroom. Adding it back reverses the direction.

b. ✗ The subject property's bathroom count cannot be changed on the adjustment grid. The $9,000 acts on the comparable's sale price. Changing the subject property moves the benchmark toward the comparable.

c. ✗ Benchmark means the subject property stays fixed and the comparable moves toward it. Subtracting $9,000 from the subject gets both the direction and the object wrong. The extra half–bathroom belongs to the comparable.

d. ✓ The comparable has one more half–bathroom, so it is superior to the subject property, and the sale price already contains that premium. Subtract the $9,000 supported by market evidence from the comparable's price, and the comparable can then be compared with the subject.

149 answer a

a. ✓ The first step in the adjustment order is cash equivalency of the financing. Below–market vendor financing inflated the sale price by $12,000, and that amount is deducted first. Working the physical–feature percentage on that inflated price pulls the percentage too low because of the inflated base. The physical comparison has to rest on a clean price.

b. ✗ A vendor take–back mortgage (VTB) is a financing term, not a room or a lot. It comes before physical features. Doing the physical items first and the financing afterward reverses the sequence, and the base of the percentage is still that inflated contract price.

c. ✗ Below–market vendor financing is an extra benefit the buyer received, so the sale price is high, and $12,000 is subtracted from the comparable. Reading the comparable as inferior, and then adding another $12,000, reverses the direction, and the financing premium would be added twice.

d. ✗ The denominator of the percentage is the price being used at that moment. If the $12,000 financing premium is still in the denominator, the physical percentage that comes out is pulled too low by that inflated base. The order changes the percentage. It is not an optional bookkeeping habit.

149′ answer c

a. ✗ One fewer bathroom is a physical feature and is handled last. Putting it first leaves the financing, the related–party relationship, and the time still inside the price. This reverses the sequence.

b. ✗ The time adjustment brings a price that is already cash equivalent, and already on normal conditions of sale, forward to the effective date. If the sale between employer and employee has not been handled, the starting point of the time adjustment is not the price of a normal transaction. Financing should also not be placed after the physical features.

c. ✓ The four–step order is cash equivalency of the financing, conditions of sale, market conditions or time, and physical features last. An employer selling a house to an employee is a special relationship. It is handled before the time adjustment and the bathroom comparison, and the whole sale is dropped if that is required.

d. ✗ A related–party sale does have to be handled early, but the bathroom comparison cannot be inserted before the financing, and time cannot be left until the end. The comparison for one fewer bathroom waits until financing, conditions of sale, and time are all finished. This item still reverses the sequence.

150 answer d

a. ✗ A net adjustment of zero only means the plus and the minus cancel each other. The course uses the gross adjustment to see whether the two properties are the same kind. A gross adjustment of 150% of the sale price is already very weak support. This treats a zero net as meaning the sale is comparable.

b. ✗ Equal plus and minus items make the net adjustment zero, and at the same time make the gross adjustment the sum of the two absolute amounts. Being equal does not itself show similarity. The rule of thumb looks at the gross adjustment as a share of the sale price, generally not above 20%.

c. ✗ The rule of thumb of about 20% compares the gross adjustment with the sale price, not the net adjustment. The net adjustment is zero, and the gross adjustment is still 150%. Testing the net amount against 20% treats a zero net as meaning the sale is comparable.

d. ✓ The gross adjustment generally should not exceed 20% of the sale price. Adjustments of the vendor–financing kind can be an exception. Here the gross adjustment is 150%, and the two cancelling items are not vendor financing. The net adjustment is zero, but the two properties have only been levelled by two large positive and negative items, and the support is very weak.

150′ answer b

a. ✗ Comparables almost always need some adjustment. Quality looks at whether the gross adjustment is a large share of the sale price, not at whether an adjustment line appears. All three gross adjustments are far below the usual rule–of–thumb ceiling of 20%, so the three sales cannot all be dropped because an adjustment was made.

b. ✓ 5.2%, 4.1%, and 4.4% are all far below the rule of thumb that the gross adjustment generally does not exceed 20% of the sale price, so that rule does not reject the three sales. A net adjustment of only 0.2% also cannot, by itself, prove that the sale is the most reliable, or that it cannot be used. What is looked at is the gross adjustment, and whether the adjustments have market support.

c. ✗ A small net adjustment is sometimes caused by large plus and minus items cancelling, so the net alone cannot be the test. The gross adjustment that goes with this sale is still far below 20%, and the case of a large gross adjustment after cancellation has not appeared. Dropping the sale because the net is small is still looking only at the net.

d. ✗ The rule of thumb that the gross adjustment generally does not exceed 20% of the sale price is what the course uses to judge how much support a comparable has. It does not bind vacant land alone. The same block lets some lot factors be set aside first. It does not create a rule that the gross adjustment may exceed the sale price.

151 answer c

a. ✗ Adding the three indicated values and dividing by three gives the same weight to adjustments that rest on judgment and to adjustments supported by paired sales. The course says plainly that the average is not the solution in this example. This is averaging the three figures.

b. ✗ $837,100 is the lowest of the three indicated values. The course does not define the lowest figure as market value. The close looks at which comparable is most alike, which needed the least adjustment, and which has the firmest support. The other sales are used to check the range.

c. ✓ The lowest gross–adjustment ratio is the sale at 4.1%, and its main physical adjustment is also supported directly by paired sales, so it is the main support. The other two indicated values are used to check the range. The course rounds the subject property's indicated value to the nearest figure, $878,000, close to this sale. That is not the average of the three figures.

d. ✗ $852,000 is only the figure that sits in the middle of the three. The course does not make the median the method for an indicated value. This sale's gross–adjustment ratio is also not the lowest, so the main support is not here.

151′ answer a

a. ✓ This sale's gross-adjustment ratio is 4.1%, the lowest of the three. Its main physical adjustment, the $18,000 for the garage, is supported directly by paired sales analysis, and it is more reliable than the adjustments in the other two sales that were reached by feel. The weight comes from the evidence. It does not come from averaging the three indicated values.

b. ✗ $877,600 is the highest figure, and that is not why it receives the greatest weight. The course does not define the highest indicated value as market value. Taking only the highest figure drops the point that paired sales support it.

c. ✗ Ordered by size, the middle figure is $852,000, not $877,600. The course also does not treat the average as the correct close. Calling the highest sale the centre of the three figures is another way of averaging the three figures.

d. ✗ After the main support is chosen, the other comparables are still used to check the range. The exam wording also suggests preparing at least four comparables, so that a special relationship which cannot be seen in a single transaction is easier to find. Keeping only the highest sale drops the evidence used for that check.

152 answer b

a. ✗ The $80,000 spent on the renovation in that year is historic cost. The cost approach wants the current cost of building again on the effective date, measured as a cost in the market sense, not the invoice treated as value. This treats the invoice as the market.

b. ✓ The cost approach uses replacement cost: what it would cost on the effective date to build a modern version that does the same job. That is current cost. It does not use an exact replica, and it does not add that year's renovation invoice of $80,000 into the starting point. Even if the old layout could be reproduced, the market may not value it more highly.

c. ✗ An exact replica is reproduction cost. The cost approach does not use it. Reproducing old workmanship and an old layout is often more expensive, but buyers may not be willing to pay more for an old-style layout in every room. Choosing reproduction cost means the figure was not changed to a modern version that is functionally equivalent.

d. ✗ The declared value on a transfer registration is not an analyzed construction cost, and it is not current cost on the effective date. It is not even a comparable sale. Using it as the starting point of the cost approach uses the wrong kind of evidence.

152′ answer d

a. ✗ Reproducing the building exactly, piece for piece, is reproduction cost. The cost approach does not use that measure. The replica costs more, but the market may not value more highly an old layout with a separate door to every room.

b. ✗ The money actually spent in the year of construction is historic cost. The purchasing power of money, and the prices of labour and materials, all change, so that year's cost has no meaning for a value today. The cost approach uses current cost on the effective date.

c. ✗ A later renovation invoice of $80,000 is still actual spending at one point in time. It is not the replacement cost, on the effective date, of building a functional equivalent. Substituting an invoice for historic cost still treats the invoice as the market.

d. ✓ The cost approach uses replacement cost: what it costs to build a modern version that is functionally equivalent. An old layout with a separate door to every room is something reproduction cost would copy. The market may not pay extra for it, so the estimate does not use that higher replica price.

153 answer a

a. ✓ Incurable physical depreciation uses the straight-line method: $440,000 divided by an economic life of 55 years, then multiplied by an effective age of 15 years, equals $120,000. The $7,000 for the paint and the deck is not higher than the value it adds, so it is curable physical depreciation, and the deduction is that repair cost. The two cells cannot be folded into one rate.

b. ✗ $7,000 is the repair cost of the paint and the deck, and that item is curable. $120,000 is the incurable physical amount calculated from 55 years and 15 years. Whether a repair can somehow be arranged is not the test of curable. The test is whether the repair cost is not higher than the value added. This item swaps the amounts in the two cells.

c. ✗ $140,000 is the total of the four cells. Inside that total there is also $5,000 of curable functional depreciation and $8,000 of incurable functional depreciation. Incurable physical depreciation is only the $120,000 within the total. Once the cells are folded into one blended depreciation rate, the two curable cells cannot be set to zero on their own when the repairs are finished. This folds the four cells into one rate.

d. ✗ $8,000 is the incurable functional loss from a floor plan that does not work. It comes from the appraiser's professional judgment, not from the straight-line method. The straight-line method is used on the incurable physical cell, and in the example the result is $120,000. Treating the floor-plan loss as the product of the straight-line method puts both axes in the wrong place.

153′ answer c

a. ✗ Effective age does not have to equal the years since construction. When upkeep was especially good, effective age can be less than actual age. When upkeep was poor, it can be greater. Two houses with the same actual age of 15 years do not necessarily take the same straight-line deduction.

b. ✗ The straight-line method multiplies by effective age, and it is used on the incurable physical cell. $7,000 is the curable repair cost of the paint and the deck. It has a stated repair amount, and it is not spread by effective age. This item swaps the calculation used for the two cells.

c. ✓ On an older house with especially good upkeep, effective age can be below actual age. The straight-line method for incurable physical depreciation multiplies the depreciation per year by effective age. It does not automatically use the years since construction on the calendar. The course treats the two ages as the same on its house only because upkeep was ordinary.

d. ✗ After the repairs are finished, the two cells that go to zero are the curable ones. Incurable depreciation does not disappear because the paint was done. Effective age has to be estimated again. This item names the wrong cells as the ones that go to zero.

154 answer c

a. ✗ Layout, floor area, and building age are not enough for a strata unit. The rights in the common property also have to be checked for similarity, and so do the way common expenses are shared and whether the items are similar. A gym, a pool, who bears the heat, and whether common land is held in the building's name all sit in those two groups. This treats a matching layout as enough to compare.

b. ✗ A single strata unit almost never uses the cost approach. The land price, the costs, the soft costs, and the profit of the whole building all have to be worked out and then allocated, and the appraiser of the unit usually cannot see the roof, the mechanical room, and the underground garage. Once there is a sale, the path is direct comparison, and those two extra checks come first.

c. ✓ Direct comparison of a strata apartment requires both groups of questions to be answered yes: whether the rights in the common property are similar, and whether the way common expenses are shared and the items in them are similar. One side has a gym, a pool, and undeveloped common land, and heat is inside the common fee. The other side has none of these. They cannot yet be treated as comparables for each other.

d. ✗ How common expenses are shared, and whether the common property holds assets or liabilities, are exactly the extra checks a strata comparison must make. They are not matters outside the direct comparison approach. Adjusting only for floor area leaves those two questions unanswered.

154′ answer a

a. ✓ The rights in the common property are similar, and the way common expenses are shared and the items in them are also similar, so both extra questions are answered yes. Only then may the two strata units be treated as comparables on this point. The course holds that a close layout and outlook alone are not enough.

b. ✗ Both extra tests have already been answered yes, so direct comparison can continue. A single strata unit is almost never valued by allocating the cost of the whole building. Requiring a cost approach on the whole building switches to a path the course does not use.

c. ✗ The direct comparison approach fits best for apartment units that have many similar sales. Strata units can be comparables for each other when they are recent and similar, and when both the common-property group and the common-expense group are similar. A pair that already meets those conditions cannot be excluded as a class because the property type is strata.

d. ✗ The course requires both questions to be answered yes. One yes is not enough. A close layout cannot stand in for rights in the common property, and it cannot stand in for how common expenses are shared. Skipping either group treats a matching layout as enough to compare.

Chapter 23 answers and reasons

155 answer b

a. ✗ This treats full occupancy as the top rent. The exam wording says plainly that even a full building is still compared with the current market. Long-term tenants whose rent was never raised can leave the books below the market. Other income such as laundry is usually added on its own and cannot be dropped.

b. ✓ Potential gross revenue assumes 100% occupancy at current market rent rather than the old rent on the books, plus other income. That is the figure the exam wants. Under the current Residential Tenancy Act, rent cannot be freely raised to the market while the same tenant stays. The cap is 2.3% for 2026 and 2.2% for 2027. Only when a new tenant takes the unit can the lease be signed again at market rent.

c. ✗ 2.3% is the current annual rent-increase cap. It is not the rule the exam uses to calculate potential gross revenue. Writing the current cap into the exam calculation substitutes the current statute for the exam wording. Potential gross revenue is still current market rent, assuming full occupancy.

d. ✗ Potential gross revenue is the top line of the four-line calculation. Vacancy has not been deducted, and operating expenses have not been deducted. Net operating income comes after effective gross income, and the mortgage payment does not enter this line either. This item folds the first line and the last line into one line.

155′ answer d

a. ✗ This treats full occupancy as the top rent. An old lease can sit below the current market. On industrial, commercial, and investment property, recognizing that the rent on the books is below the market is itself a professional skill. Parking income is other income and should not be dropped.

b. ✗ The vacancy and bad debt allowance is deducted only after potential gross revenue, and it looks at the long-run experience of similar properties, not at this building last year. Parking is other income. It is added into potential gross revenue. It is not an operating expense.

c. ✗ Net operating income comes after the operating expenses the owner bears. Debt service does not enter net operating income, and it cannot be turned around to define potential gross revenue. Potential gross revenue is the first line of the calculation.

d. ✓ Potential gross revenue assumes 100% occupancy at current market rent, and other income such as parking is added on its own. A building that is already full, with the lease still in place, does not mean the rent has already reached the market.

156 answer d

a. ✗ This stuffs the mortgage into the expenses, and then deducts tax and depreciation along with it. Change to an all-cash buyer, or to another tax bracket, and the figure is immediately different. The capitalization rate then cannot be compared across different properties and different buyers.

b. ✗ Each buyer's financing is different. A cash purchase, an 80% mortgage, a 10-year term, or a 25-year term all change this payment. Deducting only the mortgage still leaves a figure that means something only for that one loan. This is still stuffing the mortgage into the expenses.

c. ✗ Capital cost allowance matters only when a tax return is filed. Income tax changes with the marginal tax rate. Neither has anything to do with market value. Depreciation is excluded as well. The other two items are not kept just because they are cash. All four vary by owner.

d. ✓ Depreciation, capital cost allowance, income tax, and debt service are all excluded. Net operating income is the return on the whole property value before financing, not the return on one buyer's own money. That way different buyers can compare the same building.

156′ answer a

a. ✓ Net operating income must be the figure before financing, and both buyers use the same figure. Debt service changes with the loan terms. It is not an operating expense. Deduct it, and the capitalization rate means something only for that one loan.

b. ✗ An all-cash buyer still has the operating expenses the owner bears, such as property tax and insurance. The difference is only in the financing, not in the operating expenses. Keeping two net operating incomes is stuffing the mortgage into the expenses.

c. ✗ The all-cash buyer does not have this payment. Stuffing someone else's loan into both people's net operating income produces a figure that is useful to neither of them. Net operating income has to be comparable across different financing plans.

d. ✗ Depreciation and the mortgage payment are both on the exclusion list. Deducting each of two items that should not be deducted, and then averaging, is still not the net operating income that market value uses.

157 answer a

a. ✓ The capitalization rate is derived from the comparable sale. It equals net operating income divided by the sale price: $101,250 divided by $1,350,000 equals 7.5%. In a forward appraisal, market value is the unknown, and it equals net operating income divided by this rate.

b. ✗ This calculates the capitalization rate from gross income. Effective gross income of $135,000 divided by $1,350,000 gives 10%, which is only the reciprocal of a gross income multiplier of 10.0. The operating expenses the owner bears have not been taken into account, so buildings with different expense structures are not comparable.

c. ✗ 25% is this comparable's expense ratio, ($135,000 – $101,250) divided by $135,000. It is not the capitalization rate. The expense ratio is the share of income taken by cost. The capitalization rate is the share of the price represented by net operating income.

d. ✗ The other comparable's capitalization rate is 7.0%. The course treats it as the reference for a newer property in better condition. It is not applied automatically to every similar building. This sale uses its own net operating income and its own sale price.

157′ answer c

a. ✗ Effective gross income of $150,000 divided by the sale price of $1,500,000 gives 10%. That is the reciprocal of a gross income multiplier of 10.0, not the capitalization rate. Expenses have not been deducted. This calculates the capitalization rate from gross income.

b. ✗ 30% is the expense ratio, ($150,000 − $105,000) divided by $150,000. It states the share of effective gross income taken by operating cost. It cannot stand in for net operating income divided by the sale price.

c. ✓ This comparable's capitalization rate is $105,000 divided by $1,500,000, which equals 7.0%. The derivation uses net operating income and the sale price. A gross income multiplier that is also 10.0 is not a reason to switch to gross income.

d. ✗ 7.5% is the other comparable's own rate, the one closer to the subject in age and maintenance. This sale's net operating income and price produce 7.0%. The numerator is not swapped just to get a higher rate.

158 answer c

a. ✗ A government bond requires the lowest return, because risk, management, and liquidity are all lower. The direct capitalization here uses the capitalization rate derived from apartment comparable sales, not the bond yield. The price gap comes from the expenses, not from using a bond by mistake.

b. ✗ The net operating income used in direct capitalization deducts the vacancy and bad debt allowance only once, following the four–line calculation. The $161,000 gap between the two methods is there because the quick method does not look at the expense ratio. It is not there because vacancy was deducted twice.

c. ✓ The gross income multiplier equals the sale price divided by effective gross income, and it does not look at operating expenses at all. The comparables' expense ratios are 25% and 30%, and the subject's is about 33.3%, so $145,500 multiplied by 10.0 equals $1,455,000, which is $161,000 above the direct capitalization figure of $1,294,000. The course writes this overstatement as about 12.4%.

d. ✗ This treats the quick estimate as the final value. Both comparables having a multiplier of 10.0 only shows that their sale prices and effective gross incomes stand in the same ratio. It does not wipe out the subject's higher expenses. The course requires both methods to be calculated, and then an explanation of why they differ, rather than picking the higher one.

158′ answer a

a. ✓ The gross income multiplier looks only at effective gross income, so two buildings with the same income get the same price. Under a triple net lease the expenses the owner bears are lower and net operating income is higher, so direct capitalization will not value them as the same. This is the quick estimate ignoring the expense structure.

b. ✗ An owner who bears more expenses has a lower net operating income. That is not lower risk producing a higher value. At the same rent, the gross–lease owner's net operating income is below the net lease. The multiplier itself also cannot tell the two buildings apart.

c. ✗ When effective gross income is the same and the expense structures differ, the two methods come apart. Dropping one of them leaves the gap unexplained. What the course wants is an explanation of why they differ, not discarding direct capitalization as soon as a gap appears.

d. ✗ Operating expenses count only the part the owner bears. Expenses shared by the tenant on a triple net lease do not enter the owner's net operating income. If the tenant's bills are deducted again, net operating income is pushed down, and the two buildings should not be valued as equal.

159 answer b

a. ✗ The direction is read the wrong way around. Positive leverage requires the borrowing cost to be below the capitalization rate. In the course example, 5.0% against 7.5% is what magnifies the equity yield to 15.0%. An interest rate above the capitalization rate does not raise the equity yield.

b. ✓ Borrowing cost above the capitalization rate is negative leverage, and the equity yield falls below the capitalization rate. In the course example, with a 75% loan at interest-only 9.0%, the equity yield falls to 3.0%. The exam paper tests this direction. Discounted cash flow is beyond the scope of the course, and the licensee does not calculate for the client how much to borrow.

c. ✗ The yield equals the capitalization rate only in the all-cash case, because net operating income is the return on the whole value before financing. Once the borrowing cost is above or below 7.5%, the equity yield moves away from the capitalization rate.

d. ✗ This stuffs the mortgage into the expenses. Interest is not an operating expense, and it cannot be used to change the capitalization rate. 3.0% is the equity yield in the negative-leverage example. It is not a new capitalization rate.

159′ answer d

a. ✗ Borrowing money is not automatically negative leverage. Negative leverage requires the borrowing cost to be above the capitalization rate. 5.0% is below 7.5%, so the direction is the opposite. This treats every use of leverage as a cut in the return.

b. ✗ Interest does not enter net operating income, and the capitalization rate is not rewritten because of it. Only the all-cash yield stays at 7.5%. When the borrowing cost is below the capitalization rate, the equity yield leaves that figure and moves above it.

c. ✗ 9.0% is the borrowing cost in the negative-leverage example. Only a cost above 7.5% presses the equity yield down to 3.0%. The condition for positive leverage is a lower borrowing cost, not a higher one. This item swaps the thresholds of the two examples.

d. ✓ A borrowing cost of 5.0%, below the capitalization rate of 7.5%, is positive leverage. In the course example, with a 75% loan, the equity yield is magnified to 15.0%. Leverage does not create a return. It only magnifies the property's own performance when the borrowing cost is lower.

160 answer d

a. ✗ This spreads a major repair across the years. Ordinary annual repair and maintenance is already the normal spending inside variable expenses. A one-time roof job that is about to happen is not an operating expense that repeats every year. Adding it in assumes that this money must be spent again every year.

b. ✗ Writing a one-time outlay as something that happens every year pushes net operating income down year after year, and the capitalization rate then magnifies that into a loss of value far larger than $9,500. The course requires the whole amount to be deducted once, not repeated each year.

c. ✗ In the teaching example the replacement reserve is the annual variable expense for appliances and carpets. It does not automatically absorb a roof repair that is already identified and about to happen. Ignoring this $9,500 leaves the estimated value high.

d. ✓ A one-time repair does not enter annual operating expenses. This $9,500 for the roof is deducted once, as a whole sum, from the calculated market value. Spreading it into net operating income assumes that this money must be spent again every year.

160′ answer b

a. ✗ Putting the amount inside net operating income and then dividing by the capitalization rate treats a $9,500 cost that happens only once as an expense that exists every year, and the loss of value is magnified. This spreads a major repair across the years.

b. ✓ A one-time roof repair does not enter annual operating expenses. Net operating income is first reached on the ordinary expenses and then capitalized, and $9,500 is deducted as a whole sum from the market value that results. That does not assume the roof must be repaired again next year.

c. ✗ A repair is not income. Potential gross revenue is market rent and other income. Adding an outlay into income gets both the direction and the place of the amount wrong.

d. ✗ The mortgage payment does not enter net operating income, and a roof bill is not a repayment of debt. The capitalization rate is a percentage. It cannot be reduced by a dollar amount. This item mixes a one-time capital outlay with financing.

161 answer c

a. ✗ This calls an opinion an appraisal. Having calculated net operating income does not rename a price opinion as an appraisal. The course discusses the appraiser's formal report and the licensee's day-to-day work separately.

b. ✗ A mortgage advance, a division of an estate, and a lawsuit are all among the formal-appraisal uses the course names. A court case is not the only time a person with professional appraisal qualifications is needed. The document a lender relies on cannot be filled by a licensee's price opinion.

c. ✓ What a licensee prepares is a price opinion, not a formal appraisal report. A formal appraisal for a mortgage advance, a division of an estate, or a lawsuit is usually issued by a practising appraiser who holds professional appraisal qualifications. A reference for a list price or an offer can remain a price opinion.

d. ✗ Whether the capitalization rate was rounded does not change what the document is. The boundary is who is qualified to issue a formal appraisal, not whether the figure is a round number. Calling the two the same report is calling an opinion an appraisal.

161′ answer a

a. ✓ Calling the price opinion given to the client an appraisal blurs the line between the licensee and the practising appraiser, and it blurs the responsibility. Even if $1,294,000 comes from net operating income divided by the capitalization rate, that does not turn this list-price opinion into a formal appraisal report.

b. ✗ Using the formula correctly does not change whether the person who signs holds the qualifications for a formal appraisal. A price opinion used for a listing can discuss this figure. It is not called an appraisal because of that. This calls an opinion an appraisal.

c. ✗ The gross income multiplier and direct capitalization are both calculations inside the appraisal method. Which one is chosen does not decide whether a licensee's price opinion is a formal appraisal. The boundary of the role has nothing to do with which formula was used.

d. ✗ A reference for a list price cannot be called an appraisal either. A loan, a division of an estate, and a lawsuit needing a formal appraisal is a distinction of use. A price opinion does not become an appraisal report in any of those uses just because the audience changed.

Chapter 24 answers and reasons

162 answer b

a. ✗ This treats the deposit as already received by the seller. The money is still in the buyer's brokerage trust account, and the seller has not received it. The seller's statement of adjustments calculates the cash the seller can receive on the completion day. Money the seller cannot receive does not enter the seller's statement, and it cannot be entered only as a credit to the seller.

b. ✓ When the deposit is paid to the buyer's brokerage and held in the trust account, it is a credit on the buyer's statement of adjustments only, and it reduces the cash the buyer must still bring to completion. The seller has never received it, so the seller's statement has no such line.

c. ✗ A credit to the buyer and a debit to the seller apply only when the deposit is paid directly to the seller. Here the money is at the buyer's brokerage, not in the seller's hands. Entering it once on each side puts it on both statements, and it uses the wrong place where the deposit is held.

d. ✗ This applies an accounting debit to the statement of adjustments. A deposit the buyer has already paid is a credit, and it reduces the cash she must still bring to completion. A debit is money this party owes out. Paying the deposit does not increase the buyer's funds to complete.

162′ answer d

a. ✗ This applies the brokerage–stakeholder rule to a deposit already paid directly to the seller. The seller has already received part of the price and will receive that much less on the completion day. The seller's statement must show a debit. The whole line cannot disappear.

b. ✗ This applies an accounting debit to the statement of adjustments. A deposit the buyer has already paid is a credit. It reduces the cash he must still bring. It is not a debit. Entering only a debit to the buyer also misses the fact that the seller has already received the money.

c. ✗ A deposit the seller has already received does not increase the cash she can still receive on the completion day, so it is not a credit to the seller. She receives that much less, so it is a debit. This records price already received in the wrong direction.

d. ✓ When the deposit is paid directly to the seller, the buyer's statement of adjustments shows a credit and the seller's statement of adjustments shows a debit. That is the opposite of a deposit held at the buyer's brokerage that the seller has never received.

163 answer d

a. ✗ This puts the item on both statements. Each statement of adjustments balances on its own. The two statements do not offset each other with the same loan. A new third–party mortgage the buyer borrows only changes the source of the buyer's cash. The seller does not care, and the seller's statement does not show it.

b. ✗ A mortgage debit on the seller's statement is the seller's own old mortgage that the seller must pay off on completion. A new loan the buyer borrows does not reduce the cash the seller can receive, and it is not a credit to the seller. This mixes paying off an old loan with a new borrowing.

c. ✗ Both the direction and the place are wrong. A new mortgage is a credit to the buyer. It reduces the cash she must still bring. It is not a debit. The seller's statement does not show this line. This applies an accounting debit to the statement and also puts the item on both statements.

d. ✓ A new mortgage the buyer borrows from a bank or another third party is a credit on the buyer's statement of adjustments only, in the amount of the loan. The seller does not care where the buyer's money comes from, so the seller's statement does not include this item. An item appears on both statements only when the same money changes both parties' cash at once.

163′ answer a

a. ✓ The seller's existing mortgage, paid off on completion, is a debit on the seller's statement of adjustments only, including the outstanding balance, the discharge fee, and similar amounts. The buyer does not care that the seller pays off the seller's own loan before taking the proceeds. The buyer's statement does not include this item.

b. ✗ Only a new mortgage the buyer borrows is a credit to the buyer. The seller paying off the seller's own old loan does not reduce the cash the buyer must bring, and it does not enter the buyer's statement. This turns two loans into one.

c. ✗ This puts the item on both statements, and the direction is reversed. Paying off the old loan changes only the cash the seller can receive. It is not a debit on the buyer's statement and a credit on the seller's statement.

d. ✗ This applies an accounting debit to the statement of adjustments. Paying off the old loan is money the seller owes out. It is a debit, and it reduces the seller's net proceeds. It is not a credit to both parties, and it is not money both parties have already contributed.

164 answer a

a. ✓ When the seller has paid the full year, the buyer's share is a debit to the buyer and a credit to the seller, and both statements use the same figure. The seller advanced the tax for the whole year, and the buyer reimburses the seller for the buyer's share from the adjustment date. The contract makes the buyer responsible for the adjustment date itself.

b. ✗ The direction is reversed. A credit to the buyer and a debit to the seller apply when the tax is not yet due and the buyer will pay it. Here the seller has already advanced the tax, and the buyer must make up the buyer's own share. This applies the second property–tax situation to the first.

c. ✗ This puts the item on both statements, but not as a debit on both. The same proration is a debit to the buyer and a credit to the seller. The two statements do not each pay that party's own share to the tax office again.

d. ✗ Payment already made to the municipality only shows that the seller advanced the cash. It does not mean there is no proration. The buyer still pays for the buyer's share from the adjustment date. This treats tax already paid in full as no adjustment.

164′ answer c

a. ✗ This is the direction of the first situation. A debit to the buyer and a credit to the seller apply when the seller has paid the full year. Here the tax is not yet due and the buyer will pay it, so the direction is the opposite. This mixes up the three property–tax situations.

b. ✗ The seller pays only for the period the seller occupied. The full year is not entered as a debit to both parties. Only when the tax is already due and unpaid does the conveyancer pay the full year's tax and the penalty from the seller's proceeds, and then adjust the buyer's share back. This applies the third situation here.

c. ✓ When the tax is not yet due and the buyer will pay it, the seller reimburses the buyer for January 1 through the day before the adjustment date, so it is a credit to the buyer and a debit to the seller. If the tax bill is not out yet, the figure is last year's amount plus an estimated increase. After the actual bill comes out, the parties settle the difference between themselves.

d. ✗ This applies an accounting debit to the statement of adjustments. Tax not yet paid is not money both parties have already paid, so it cannot be a credit to both. The bill the buyer will pay later is handled by this proration, which first reimburses the buyer for the seller's share.

165 answer c

a. ✗ An exemption is not a change to paying ordinary tax in cash at the counter, and a letter cannot replace the return. For an application submitted electronically, the return must be an electronic return. The tax here can be zero, and the return is still filed. This treats an exemption as no filing.

b. ✗ This treats an exemption as no filing. A first-time home buyer exemption, a new-home exemption, or any other exemption is only the selection of the matching code on the return. The transaction does not drop out of the filing rules because of it.

c. ✓ When registration of a taxable transaction is applied for, the transferee must file a property transfer tax return, whether or not the transaction is exempt. For an application submitted electronically, the return must be an electronic return, and the exemption is selected by the matching code on the return.

d. ✗ Filing does not wait until the registrar asks later. The return is filed at the moment registration is applied for. An electronic application cannot be switched to paper, and it cannot go in first without the return. This makes the filing optional.

165′ answer b

a. ✗ This treats an exemption as no filing. A new-home exemption means only that no tax is payable. It does not mean that no return is filed. The land title office must still receive this return when registration is applied for.

b. ✓ Whether or not the tax is exempt, a property transfer tax return must be filed when registration is applied for, and the exemption is selected on the return. An electronic submission must use an electronic return. The file can show no tax payable. It cannot omit this filing.

c. ✗ An exemption is not entered first as a debit to the buyer for the full tax and then claimed as a refund from the municipality. The filing is completed when registration is applied for. The exemption code is written on the return. It is not written as an amount of tax payable.

d. ✗ Property transfer tax is a matter on the buyer's side. It is not a credit the seller gives the buyer on the statement of adjustments. A new-home exemption is not completed by a rebate from the seller. This puts both the tax and the exemption on the seller.

166 answer b

a. ✗ This answers the exam question with current law. A transparency declaration is required under current law from 2020-11-30. The exam package does not include this declaration. An individual buyer must also file under current law, but that is not the exam answer to this question.

b. ✓ 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, and the buyer's funds to complete. This transaction has no Form F or Form B, so the list does not include them. Current law also requires every transferee to file a transparency declaration, and a reporting body must also file a transparency report. If it is not filed, the registrar must refuse the application.

c. ✗ Both statements of adjustments and the property transfer tax return are required items on the exam list. The registrar does not add them later. Leaving only the Form A and the funds to complete leaves the package incomplete.

d. ✗ This answers the exam question with current law, and it also places the report ahead of the Form A. The exam list treats the Form A as the main document. Under current law a transparency report is filed in addition only by a reporting body. An individual usually only declares that the individual is not a reporting body.

166′ answer d

a. ✗ This answers the exam question with current law. The other required documents on the exam list include Form F and Form B. They do not include a transparency report. Under current law, the report is a document that only a reporting body files in addition.

b. ✗ Form F and the property transfer tax return are both on the exam list. The strata corporation does not file them in place of the buyer. Both statements of adjustments and the buyer's funds to complete cannot be left out either.

c. ✗ This answers the exam question with current law. The Form A cannot be replaced by the strata payment certificate. Neither the transparency declaration nor the transparency report is in the exam package.

d. ✓ On the exam wording, beyond the Form A, both statements of adjustments, the property transfer tax return, and the buyer's funds to complete, the strata Form F and the Form B for the buyer's new mortgage are other required documents. From 2020–11–30, current law also requires every transferee to submit a transparency declaration. If it is not filed, the registrar must refuse to accept the application for registration.

167 answer c

a. ✗ This treats the deposit as the commission. The deposit is what the buyer pays under the contract of purchase and sale, and it forms part of the price. Commission is remuneration the seller owes the brokerage under the listing contract. Money that has entered the trust account does not become commission.

b. ✗ Commission is a debit on the seller's statement of adjustments, deducted from the seller's proceeds. It is not a debit to the buyer. The deposit is a credit on the buyer's statement. This item merges the two sums into one and also puts the debit on the buyer. It treats the deposit as the commission, and it applies an accounting debit to the statement.

c. ✓ On the exam wording, commission is offset from the deposit under the authority of the listing contract, but the two sums remain different. When the deposit is larger than the commission, the difference is carried back into the completion figures. Current rules add that money held by the stakeholder may generally have commission drawn from it on the day the transfer documents are submitted to the land title office to apply for registration. If the service agreement sets a later day, that later day applies.

d. ✗ On the exam wording, commission may not be taken from trust on the day the offer is accepted, and the whole deposit is not then returned to the buyer. Commission is offset from the deposit under the listing contract, and the difference still goes back into the completion figures. This moves the date of the draw forward to acceptance of the offer.

167′ answer a

a. ✓ When the deposit is smaller than the commission, the shortfall is made up from the seller's proceeds. The deposit remains part of the price, and the commission remains remuneration the seller owes under the listing contract. The listing contract may authorize using the deposit as the offset. Under current rules, commission generally may be drawn from stakeholder money only on the day the transfer documents are submitted to apply for registration. If a later day is agreed, that later day applies.

b. ✗ The shortfall is not entered on the buyer's statement of adjustments, and the buyer does not thereby owe the brokerage the commission. Commission is the seller's debt. This treats the deposit as the commission and also records the seller's account in the buyer's name.

c. ✗ The deposit is not cancelled, and the commission is not a credit the buyer pays to the seller. On the seller's statement, commission is a debit. This item reverses both who pays whom and who owes the commission.

d. ✗ The brokerage cannot keep the deposit as earned commission on the day the offer is accepted, and the shortfall can still be collected. On the exam wording, the listing contract authorizes offsetting commission from the deposit, and the shortfall is made up from the seller's proceeds.

168 answer a

a. ✓ The possession date must be followed strictly as the contract writes it. The exam wording has cited a case in which handing over the keys one day early was treated as a discipline matter. The completion process itself takes several hours. The possession date should not be written as the same day as the completion date, and it should not be written as noon.

b. ✗ Completion and possession are not the same event. After the transfer is submitted, the buyer still waits until the possession date written in the contract before taking the keys. This merges the two dates into one day. It is handing over the keys early.

c. ✗ The deposit is part of the price. It does not buy a right to possess one day early. Handing over the keys one day early breaches the possession date in the contract. This is handing over the keys early.

d. ✗ The exam warning says the opposite. Noon should not be used even when the two dates are written as the same day, and the keys still cannot be handed over at noon on the completion date when the dates differ. Possession can occur only on the possession date set in the contract. This is handing over the keys early.

168′ answer b

a. ✗ The completion process itself takes several hours. Possession on the same day is already too tight, and writing noon fits the exam wording even less. Noon is not a safe time. This stacks possession on completion.

b. ✓ The completion date, the adjustment date, and the possession date are kept separate. The possession date is not earlier than the completion date, it should not be the same day as completion, and the possession clause should not say noon. Scheduling one client's morning sale and afternoon purchase on the same day digs a hole under completion. The possession date must still be followed strictly as the contract writes it.

c. ✗ Handing over the keys in the morning means possession before completion is finished. Paying the deposit in full does not change the possession date. This is handing over the keys early.

d. ✗ The three dates cannot be collapsed into one, and the buyer cannot trade one waiver sentence for an early move-in. The possession date must be followed strictly as the contract writes it. Handing over the keys early can be a discipline matter.

Chapter 25 answers and reasons

169 answer b

a. ✗ Advertising is a paid, non-personal sales presentation. She did not pay for this article, and she did not buy the space. Calling every public appearance advertising is mixing advertising with publicity.

b. ✓ Publicity is a report started by a medium that is not employed by you. It costs nothing, but you do not control the content. It can be favourable, or negative as it is here. Credibility is often higher. The cost is that you cannot guarantee the angle.

c. ✗ Public relations is the licensee's own overall communication with staff, clients, and the public, used to shape an image. You start it, and the aim is longer term. Here the newspaper itself decided to question her. Calling every public appearance public relations mixes public relations in on top of mixing advertising with publicity.

d. ✗ Sales promotion is a short-term incentive such as a gift or a contest, and its effect is relatively easy to measure. A market interview is not a gift and is not a contest. Choosing sales promotion whenever something is sent outward collapses the five elements into one.

169′ answer d

a. ✗ Readers trusting a newspaper more does not turn paid space into publicity. Publicity requires that the medium is not employed by you and that you do not control the content. He bought this page and he edited it. This mixes advertising with publicity.

b. ✗ Personal selling is face-to-face communication that can respond on the spot. A full printed page has no in-person conversation. Naming him does not turn advertising into personal selling.

c. ✗ An aim of shaping an image is not enough to call it public relations. He paid for the page and controlled every word. The course places it with paid, non-personal presentations. This uses the purpose in place of whether anyone paid.

d. ✓ Advertising is a paid, non-personal sales presentation. Its reach can be wide, but it costs money, and the party who pays controls the content. He wrote it himself and bought the space, which fits that definition. It is not publicity, which is free and not under his control.

170 answer d

a. ✗ Prestige pricing and penetration pricing do sit under Price, but Price here is not the sale price the seller hopes to receive for the home. Reading the service fee as the home's price is treating Price as the sale price.

b. ✗ Product is the licensee's experience, knowledge, and skill in negotiation and communication. The service itself cannot be tried, and it cannot be compared with a sample. A method of charging a fee does not become the product for that reason. This pushes the Price item into Product.

c. ✗ Promotion is personal selling, advertising, sales promotion, public relations, and publicity. A pricing method is not one of those five activities. This places a Price tool inside Promotion by mistake.

d. ✓ Price in the marketing mix means the fee charged for the service, not the sale price of the home. Prestige pricing, penetration pricing, and cost-plus, as the course lists them, are all ways of charging for the service. They are not ways of setting the asking price of a home.

170′ answer a

a. ✓ Cost-plus and follow-the-competition are both fee methods the course lists under Price. Price in the marketing mix is the fee for the service, not the asking price or the sale price of a home.

b. ✗ Place is where the client is reached, including the office, the website, email, and the ability to go to the client. It is not a fee formula. This places a Price decision under Place by mistake.

c. ✗ A real estate service is intangible. A sample cannot be produced for the client to try. A higher or lower fee does not turn the service into a physical sample. This treats Price as Product.

d. ✗ Follow-the-competition is a pricing method. It is not a sales promotion such as a gift or a contest, and it is not advertising. The impression of a short-term concession cannot turn the Price item into Promotion. This treats Price as Promotion.

171 answer a

a. ✓ A shopping good is marked by comparing price and quality before the purchase, a low frequency of purchase, and a high unit price. The course expressly places both the real estate service and the housing itself in this class, and not in the usual case of the other three classes.

b. ✗ A convenience good is an everyday item bought often and used at once, such as ordinary groceries. The Chen family is comparing carefully, and they buy rarely. Placing the real estate service among convenience goods forces it into that class.

c. ✗ A specialty good means accepting only one brand and making no comparison of substitutes. The course says this appears only in a very few extreme cases, such as naming one particular expert. It is not the usual class for a real estate service. The Chen family is comparing several people, so it is even less this class.

d. ✗ An unsought good is something the consumer does not actively want, pushed by fear or by prevention. The course's example is life insurance. The Chen family is actively comparing licensees. A real estate service does not belong in this class.

171′ answer c

a. ✗ This buyer is comparing on purpose, and is not being pushed by fear or prevention into a service the buyer did not want. An unsought good is not the class for a real estate service. This applies the insurance class to the choice of a person.

b. ✗ The comparison itself shows that the buyer is still looking at substitutes. A specialty good involves no comparison of substitutes and accepts only one name. Reading careful comparison as a specialty good reverses the direction.

c. ✓ Comparing price and quality before the purchase, a low frequency, and a high unit price are exactly what a shopping good is. The real estate service belongs in this class. Spending time comparing does not turn it into a convenience good.

d. ✗ A household using something does not make it frequent, immediate, and rarely compared. Convenience goods are the everyday-product class. The course says expressly that the real estate service does not belong there. This forces it into convenience goods.

172 answer c

a. ✗ Signing the listing agreement does not mean the client has been secured. Cognitive dissonance does not end with that one signing. Stopping contact for that reason misses the later points. This counts dissonance only once.

b. ✗ It can appear again before the move, but that is not the only point, and it is not the first moment the decision feels real. It can return when a conditional offer is accepted. This collapses several points into the move alone.

c. ✓ Cognitive dissonance, commonly called the buyer's gloom, can return at several points: signing, accepting a conditional offer, removing conditions, and the move itself. The seller asking whether the asking price should have been set higher is exactly this self-doubt. Ongoing contact matters more than persuading the client once at signing.

d. ✗ Listening and empathy matter because dissonance returns and needs ongoing contact, not because careful listening at the first meeting means it will not appear later. This counts dissonance only once, and it also reduces the cause to the first meeting.

172′ answer b

a. ✗ Signing is only one of the points where it can appear. After the conditions are removed, the buyer can still doubt whether to keep looking. This counts dissonance only once.

b. ✓ Removing conditions is a point where cognitive dissonance can appear again. The time before the move is another, but it is not the only time. Saying there will be no further doubt once the conditions come off is the opposite of the course.

c. ✗ A felt need comes first. External events such as family, work, or interest rates push the person into the market. This buyer has already signed a purchase contract and removed the conditions, which is long past that stage. This places post-purchase doubt in the first stage.

d. ✗ The buyer's self-doubt is not a media report. Publicity is a medium that is not employed by you writing about you on its own. It is not the same thing as anxiety after the purchase. This uses a promotion category in place of the buying process.

173 answer b

a. ✗ A wish to improve work with clients is not yet specific or measurable. Writing only that the service will be made better gives no result that can be counted and no standard of completion. This treats a vague wish as SMART.

b. ✓ SMART must be specific, measurable, achievable, relevant, and timely, all at the same time. The colleague's sentence has a target, a count, can be carried out, relates to the referral work, and has a deadline. Writing only that the service will be made better is the same as the course example of taking on more new listings. It is not a SMART goal.

c. ✗ Being short does not mean achievable, and it cannot stand in for specific and measurable. A result that can be counted is what the measurable condition asks for. It is not a mark against the goal. This reads SMART as the shorter the better.

d. ✗ Clients, a count, and a deadline are exactly how a goal is written so that it is specific, measurable, and timely. The passing example the course sets beside the weak one is the kind that carries a target, a quantity, and a deadline. Banning those elements turns the standard upside down.

173′ answer d

a. ✗ All five conditions are required. Two of them cannot be kept while the rest are dropped. Achievable and relevant do not make up for the lack of specific, measurable, and timely. This treats a vague wish as SMART.

b. ✗ Having only one wish does not make it specific. Specific means saying to whom, what is to be done, and to what extent. Get busier has none of that content. This treats brevity as being specific.

c. ✗ Timely does not change according to whether the goal is about personal effort or a client file. With no time limit, one of the SMART conditions is missing. This opens a gap in the five conditions.

d. ✓ None of the five SMART conditions can be left out. Get busier has no specific target, no result that can be counted, and no time limit. Even if someone finds it achievable and related to the business, it is still not a SMART goal.

174 answer a

a. ✓ The exam standard cites the old rules bulletin: $250 the first time, $500 the second time, and $1,000 for a third time or later, each counted as a single fixed amount. Current advertising provisions fall in Category D, with a base penalty of $1,000 the first time and $2,000 the next time, plus $250 for each day the breach continues.

b. ✗ This is Category D under current sections 26 and 27, where advertising sections 39, 40, 41, and 42 sit. It is not the course text's set of one-time fixed amounts. This answers the exam with the current schedule.

c. ✗ A first offence of $5,000 and a later offence of $10,000 is Category C, where the substantive constraints on a team sit. It is not an ordinary advertising provision, and it is not the exam standard's three fixed amounts. This applies the team tier to an advertising penalty.

d. ✗ The course text states three rising fixed penalties. It is not a warning only, with no dollar amount. Reading the discipline as having no penalty is the opposite of the text.

174′ answer c

a. ✗ $2,000 the next time, plus $250 a day, is the later-offence penalty in current Category D. It is not the third offence in the course text. Six categories are the current structure. This answers the exam with the current schedule.

b. ✗ $10,000 is the later-offence penalty for the substantive constraints on a team. It is not a third advertising breach, and it is not a fixed amount in the course text. This imports the later-offence amount from Category C.

c. ✓ Under the exam standard, a third or later breach is a fixed $1,000, with nothing added for the number of days. Only the current advertising provisions are Category D at $2,000 the next time, plus $250 for each day the breach continues.

d. ✗ $250 is only the first offence in the course text. A third time or later rises to $1,000. It does not stay at the first-offence amount every time. This reads the three-step ladder as the amount charged for a single offence.

175 answer c

a. ✗ Niche marketing means choosing a segment where expertise can be used, competition can be managed, and there is a profit, and then working that segment in depth. Taking on, for the moment, work in which you have no expertise is not a niche. The course also warns an individual licensee against taking on more than can be done well. This mistakes crossing over for a niche.

b. ✗ Undifferentiated marketing is one plan aimed at the whole market. It is one of three differentiation strategies. It does not require every person to accept whoever comes. The problem here is the lack of time and expertise. This covers the competence issue with the name of a strategy.

c. ✓ The course's own words are that a failure to devote adequate time or expertise may be a breach of professional ethics. A residential licensee temporarily taking on a commercial property the licensee does not know how to handle is the crossing over this example points to.

d. ✗ Product positioning answers how the consumer sees you. It does not require accepting every type of property. Positioning done poorly is also not a reason to step past competence. This reads positioning as accepting whoever comes.

175′ answer a

a. ✓ An individual licensee has limited resources and should stay in a segment where expertise can be used. Taking the file anyway, without enough time or expertise, may be a breach of professional ethics. Declining a commercial project the licensee does not understand fits this warning.

b. ✗ Undifferentiated marketing is not a duty to accept the file. One plan aimed at the whole market still cannot replace time and expertise for this work. This uses the name of a strategy to require crossing over.

c. ✗ A shopping good describes how the consumer buys. It does not mean the licensee must accept every file. That the buyer will compare creates no duty on the licensee to take the work. This treats a purchase class as an exemption from competence.

d. ✗ Place is the channel for reaching the client, including the office, the website, email, and a willingness to go to the client. It does not mean every property type must be accepted. A willingness to go to the client also cannot fill a gap in expertise on a commercial project. This reads Place as authority to practise in every field.

Chapter 26 answers and reasons

176 answer b

a. ✗ Posts do not each have to carry the brokerage name, but only if the profile page already shows the brokerage name in its registered form. That these posts do not repeat the name is not a reason the account complies. This reads 'posts need not repeat the name' as 'the profile page need not show the registered name.' It treats a translation as the licensee name.

b. ✓ Rule 40(2) requires that in every case the brokerage's licensee name be prominent and easy to read. When social media is used for a business purpose, the profile page must show the name of the brokerage. Not every post has to repeat it. An advertisement in another language must not translate the brokerage name into that language. The name must appear exactly in its registered form. A profile page that shows only a translation and an emblem does not satisfy rule 40(2). Every post is then in breach.

c. ✗ A group emblem is not the licensee name. The licensee name is the name on the register, not an emblem, an abbreviation, or a translation. Rule 39 also requires a person to state their own licensee name when providing real estate services. A representative, an associate broker, and a managing broker must also state the brokerage's licensee name. This uses an emblem in place of the brokerage name.

d. ✗ The reason is reversed. Once the profile page shows the brokerage name exactly as registered, the posts need not repeat it. What fails is the translation on the profile page. A translation cannot stand in for the registered name. This still treats a translation as the licensee name.

176′ answer a

a. ✓ A flyer in Chinese may add an explanation in Chinese, but the brokerage's licensee name must appear exactly in the form registered with BCFSA. It must not be translated into another language. A friendlier translation the licensee invented is the same as publishing a brokerage name that is not registered. Rule 40(2) is not satisfied. The licensee's own name must also appear in its registered form.

b. ✗ What must not be translated is the brokerage name in an advertisement that is not in English. The language cannot become an exception. This treats a translation as the licensee name, and it places the supposed exception on the foreign-language advertisement, which is where the mistake is easiest.

c. ✗ The profile-page rule is how the requirement lands on social media. It does not say a paper advertisement may omit the brokerage name. Rules 39 and 40 apply to identifying oneself while providing real estate services. Real estate advertising includes flyers, signs, and notices. This reduces the channels to a web page alone.

d. ✗ An emblem is not the licensee name on the register, and adding an emblem does not cure a translation. The brokerage name must be prominent, easy to read, and exactly as registered. This uses an emblem in place of the brokerage name.

177 answer a

a. ✓ The four layers each govern one stretch. They do not replace one another. Of the four, only practice regulation is administered by BCFSA. If privacy, marketing outreach, or electronic form goes wrong, it can still be pursued under the duty of honesty in rule 33 and reasonable care and skill in rule 34. Saying that a breach of the privacy statute is no concern of real estate regulation does not hold. The guidance on using artificial intelligence says the same thing: using a tool does not exempt any legal or ethical duty.

b. ✗ The privacy commissioner can deal with the privacy layer, including orders and a later action for damages, but the commissioner does not hold the only consequence. The licensing rules reach past advertising identification. Confidentiality, honesty, and reasonable care and skill can all be used. This reads the four layers as if only one of them can act.

c. ✗ The four layers press on the same phone at the same time. They are not a choice of one. The privacy statute applying does not cancel practice regulation, marketing outreach, or electronic form. This treats the four layers as substitutes for one another.

d. ✗ This chapter starts from the point that all four layers apply when business is done on a phone. Personal ownership of the device cannot take a client's identification out of the privacy statute, and it cannot take it out of reasonable care and skill under the licence. This uses ownership of the device as an excuse.

177′ answer c

a. ✗ The federal rules on a commercial electronic message are one of the four layers. They do not replace the licensing duties. Whether a fee was charged is not the threshold for that layer. A commercial electronic message does not require an expectation of profit. This treats the four layers as substitutes for one another.

b. ✗ A text message can be real estate advertising and a commercial electronic message at the same time. The definition of real estate advertising includes promotions and statements of many kinds. A commercial electronic message includes email, a text, and a message of sound or image. This uses the channel to shut out both layers.

c. ✓ The marketing-outreach layer is Canada's Anti-Spam Legislation (CASL). It governs consent, identity, and an unsubscribe mechanism for a bulk message. It is not a statute that belongs only to BCFSA, but a problem can still be pursued under rules 33 and 34. Federal law and provincial law can apply at the same time. Federal coverage does not mean the province steps out.

d. ✗ An electronic signature decides whether writing and a signature count in law. It is not a switch for the licensing duties. A text with no electronic signature can still fall under the advertising rules and under honesty and reasonable care and skill. This treats the electronic-form layer as a precondition for the other three.

178 answer d

a. ✗ A contract of purchase and sale, a listing agreement, and a disclosure form may be signed electronically. What is excluded is a will, a trust created by a will, a power of attorney dealing with financial affairs or personal care, and a document of an interest in land that must be registered. Excluding the contract as well widens the exclusion.

b. ✗ An electronic signature can satisfy what the general law requires of a signature. It cannot satisfy this kind of transfer, which must be registered. A designate's electronic signature certifies that a paper execution copy has been signed and witnessed as required, and that the execution copy or a true copy of it is in the designate's hands. This extends an e-signature to a transfer.

c. ✗ Whether the buyer taps the same screen on the same day cannot pull an excluded transfer document back under the Electronic Transactions Act. What is missing is a paper signature, witnessing, and certification by a designate. This still extends an e-signature to a transfer.

d. ✓ The Electronic Transactions Act must not deny the effect of a contract of purchase and sale merely because the contract is in electronic form. A document that creates or transfers an interest in land, and that must be registered before it binds a third party, is excluded. A transfer of title, Form A, goes through electronic filing under the Land Title Act. The seller must still sign a paper execution copy, witnessed by a lawyer or a notary, and a designate then certifies it for filing. The seller cannot complete the transfer by signing on a screen alone. On this point the exam standard and the current system agree.

178′ answer b

a. ✗ A signature on a screen cannot replace a signed writing and witnessing. A designate's electronic signature certifies that those two things have already happened. It does not cancel them. This extends an e-signature to a transfer.

b. ✓ Under section 168.41 of the Land Title Act, a designate's electronic signature certifies two things: the execution copy has been signed in writing and witnessed as required, and the execution copy or a true copy of it is in the designate's hands. There is no witnessed paper execution copy here, so the certification cannot be given. The electronic-filing system itself exists, but it cannot skip the signed writing and the witnessing. The exam standard's description of this point is still accurate.

c. ✗ Seeing the screen does not make the buyer a designate, and it does not replace a lawyer's or a notary's witnessing of the execution copy. Filing may be made by the applicant, by the applicant's lawyer or agent, or by a person authorized by that lawyer or agent, following an electronic filing direction. This treats a bystander as the person who certifies.

d. ✗ A transfer document may be filed electronically after a designate certifies it. What is excluded is the seller completing the transfer with the seller's own electronic signature. The electronic-filing system is not excluded. This reads 'the seller cannot e-sign it alone' as 'it cannot be filed electronically.'

179 answer c

a. ✗ Six months is the current-law window for an inquiry or an application. It is not the period in the course manual. The open house was only an inquiry about that one property. Under the current law, ten months is already too late to rely on implied consent for a bulk message. Answering with this period would come out opposite to the two years the exam wants. This answers with the current standard.

b. ✗ The case with no fixed period is where the other person conspicuously publishes an electronic address, or discloses that address to you. The message must also relate to that person's business or official role, and the person must not have stated that they do not wish to receive unsolicited commercial electronic messages. An open-house sign-in sheet is not that kind of conspicuous publication. This applies another class of implied consent to a person who only made an inquiry.

c. ✓ The exam standard writes implied consent as an existing business or non-business relationship within the past two years. It does not split an inquiry into a shorter window. Ten months is still inside the course manual's two years. The current law sets a purchase, a lease, or a written contract at two years, and an inquiry or an application at six months before the day the message is sent.

d. ✗ Ten business days is the period within which an unsubscribe direction must take effect after it is received. It is not how long implied consent lasts. Sixty days is how long the contact details and the unsubscribe address in the message must remain valid from the day the message is sent. This treats the unsubscribe time limit as the consent window.

179′ answer a

a. ✓ The exam standard writes an existing business or non-business relationship as one two-year window. It does not write an application on its own as six months. Eight months can still rely on implied consent under the course manual. Under the current law, an inquiry or an application lasts only six months before the day the message is sent. This application is already past that.

b. ✗ Six months is the window in section 10 of the current statute for an inquiry or an application. The course manual does not split the period that way. The stem follows the course manual. This answers with the current standard.

c. ✗ Sixty days is the period after the message is sent during which the contact details and the unsubscribe address must remain valid. It is not the life of implied consent. The course manual does not even place this sixty days among the three requirements. This treats a form period as the consent window.

d. ✗ An application can create implied consent under both standards. The difference is the length. The exam standard folds an application into the two-year window. Under the current law an application is six months. A completed purchase is two years under the current law, not six months. This item reverses both the source and the length.

180 answer b

a. ✗ The Freedom of Information and Protection of Privacy Act (FIPPA) governs public bodies. A brokerage is not a public body. The mandatory notification in section 36.3 cannot be applied to it. This applies the notice duty under the wrong statute.

b. ✓ Ordinary collection inside the province falls under the Personal Information Protection Act (PIPA). The current text of PIPA has no mandatory breach–notification provision. Section 36.3 of FIPPA requires a public body to notify the individual and the commissioner without unreasonable delay, and only where there is a reasonable expectation of significant harm. No mandatory notification does not mean there is no consequence. Reasonable security arrangements under section 34 of PIPA still apply, and rule 30(e) and rule 34 may still be pursued. The exam standard's privacy section writes only obtaining consent, use for the purpose, and destruction when the information is no longer needed. It does not write this distinction.

c. ✗ A federal exemption order finds PIPA substantially similar to Part 1 of PIPEDA. Collection, use, and disclosure that happen inside BC are exempt from Part 1 of PIPEDA, other than a federal work or undertaking. The federal notification process cannot be stated as this brokerage's main statute. The information may come back under PIPEDA only when it leaves BC. This applies the wrong statute as the main one.

d. ✗ Section 34 of PIPA requires reasonable security arrangements to protect personal information against unauthorized access, use, or disclosure. Losing a client's application forms can touch a privacy duty and a licensing duty at the same time. This reasons from 'there is no mandatory notification' to 'there is no duty to protect.'

180′ answer d

a. ✗ The words 'freedom of information' in a learning objective tend, in practice, to point people toward the public–sector statute. A brokerage is not a public body. A learning objective cannot change which statute governs. This applies the notice duty under the wrong statute, and it follows the wording of the learning objective off the right statute.

b. ✗ This reverses which statute covers which body. A private brokerage inside the province falls under PIPA. FIPPA is the statute for public bodies. Part 1 of federal PIPEDA is usually exempted for this kind of collection inside the province. This applies the wrong statute as the main one.

c. ✗ A file that stays inside the province is exactly where PIPA applies. It is not left with no statute. Leaving BC is when the file may come back under PIPEDA. This reads the geographic reach of the exemption the wrong way around.

d. ✓ This tenant application, collected inside the province, falls under PIPA. It does not fall under FIPPA, and usually it does not fall under Part 1 of PIPEDA. The mandatory notification in section 36.3 of FIPPA does not become a brokerage's duty because a learning objective mentions freedom of information. PIPA itself has no mandatory breach–notification provision. The exam standard writes only consent, purpose, and destruction after use. It does not separate these three statutes.

181 answer a

a. ✓ The guidance states that confidential client information must not be posted on social media, even in a closed or private group. The duty of confidentiality is in rule 30(e). There is no exception for a private setting. A personal account is also within the scope of the rules. Conduct unbecoming includes words and acts in private life. Publishing a reason for selling, or a bottom price, without permission also breaches the duty of confidentiality. If the licensee believes that writing it out would benefit the client, written permission must be obtained first. The exam standard does not contain this code of conduct. The current guidance was published on 2025–11–13.

b. ✗ A closed or private forum is equally a place where confidential client information must not be posted. A screenshot costs nothing, and the text has no exception for a private setting. This treats a closed group as an exception.

c. ✗ Setting a personal account to a more private visibility is something the guidance asks for. That setting cannot be used to publish confidential information, and a personal account cannot be used for business. A private setting is not an exemption. This treats a closed group as an exception.

d. ✗ Writing the brokerage's licensee name satisfies the advertising identification rule. It does not satisfy confidentiality. A bottom price and a reason for selling do not become fit to publish because the identification is complete. The two rules do not cancel each other. This uses identification in place of confidentiality.

181′ answer c

a. ✗ The duty of confidentiality does not turn on whether the people who see the message count as the public, and it does not turn on whether the message can be found by a search. A closed private chat is equally a place where confidential client information must not be sent. This treats a closed group as an exception.

b. ✗ Other licensees are not the same party as this buyer. The rules also have no exception that lets colleagues pass around a client's income. The designated–agent rule inside a team deals with the agency relationship. It does not authorize sending an application form to three colleagues. This uses the status of a fellow licensee to cancel confidentiality.

c. ✓ Confidentiality under rule 30(e) has no exception for a private setting. The guidance forbids posting confidential client information in a closed or private group, and it forbids using a personal account for business. A count as small as three people does not change that conclusion. Conduct unbecoming can also include words and acts on a personal account. The exam standard does not contain this code. The current guidance counts both personal accounts and private settings.

d. ✗ A licensee name on a profile page deals with advertising identification. It cannot authorize passing on a buyer's income and employer. Complying with the identification rule and complying with confidentiality are two different things. This uses the brokerage name in place of confidentiality.

182 answer d

a. ✗ This is the current rule 91 and rule 92. The records must be convertible to paper at any time, a person with authority may demand an immediate printout, and they are kept for at least seven years unless the superintendent approves a shorter period in writing. The person who may demand the printout is the superintendent and a person the superintendent authorizes. Those are not the rule numbers, or the body that may demand the printout, in the course manual. This answers with the current standard.

b. ✗ A cloud copy is not the test. If a printout cannot be produced when it is demanded, the requirement is not met. One year is the minimum retention under PIPA after a decision that directly affects an individual. It is not the brokerage-record period in the course manual, and it is not the current seven years. This twists the two periods together, and it treats a backup as if it were a printout on demand.

c. ✗ The course manual allows electronic records, on the condition that they can be printed when the Council asks. Current rule 91 likewise allows electronic form, provided the records can be turned into a printout at once. Rule 92 also allows a copy to be kept rather than the original. This item reads both standards as a ban on keeping records electronically.

d. ✓ The exam standard writes electronic records as rule 8-9.1 and the retention period as rule 8-10, and it says a printout is produced when the Council asks. The current law is rule 91, which requires that the records be convertible to paper at any time and that a printout be given at once to a person with authority, and rule 92, which requires keeping them for at least seven years. The person who may demand the printout is the superintendent and a person the superintendent authorizes.

182′ answer b

a. ✗ The superintendent, and a person the superintendent authorizes, are who may demand the printout under current rule 91. The course manual names the Council. The stem follows the course manual. This answers with the current standard.

b. ✓ The exam standard says a printout is produced when the Council asks. The rule numbers are the old rule 8-9.1 and rule 8-10. Under the current law, the persons with authority to demand an immediate printout are the superintendent and a person the superintendent authorizes. The printout rule is rule 91. Keeping the records for at least seven years is in rule 92.

c. ✗ A printout is a requirement of the brokerage-record rules. It is not a remedy that belongs only to the privacy commissioner. The privacy commissioner may make orders, but the commissioner does not replace the Council in the course manual, and does not replace the superintendent under the current law. This swaps the record rules for the privacy commissioner.

d. ✗ An electronic record is not opened to the public. Under the current law, a person with authority to inspect, review, or receive the records may demand a printout. The brokerage must turn the records into a printout at once and keep them available for inspection at the head office. The course manual also says only that the Council may require the printout, not any member of the public. This reads availability for inspection as publication to the public.