

# Colorado Sales License Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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**SAMPLE**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## Questions

- 1. What must a dealer do when a salesperson leaves the dealership?**
  - A. Notify the Auto Industry Division**
  - B. Return the salesperson's license**
  - C. Transfer the salesperson's license to another dealer**
  - D. Retain the salesperson's license indefinitely**
- 2. What is the required amount for a surety bond for motor vehicle salesmen?**
  - A. \$10,000**
  - B. \$15,000**
  - C. \$20,000**
  - D. \$30,000**
- 3. What is the primary purpose of the Colorado Real Estate Commission?**
  - A. To manage real estate marketing strategies**
  - B. To regulate real estate transactions and protect consumers**
  - C. To provide financial assistance to real estate agents**
  - D. To conduct real estate seminars and workshops**
- 4. What must a dealer indicate on the customer contract when a vehicle is sold "as is"?**
  - A. The dealer will provide a warranty**
  - B. The vehicle has passed safety inspection**
  - C. Clear indication of "as is" status without guarantee**
  - D. The vehicle is eligible for future service**
- 5. What does "closing disclosure" refer to?**
  - A. A summary of the home's maintenance history**
  - B. A checklist for moving into a new home**
  - C. A form that outlines all the costs associated with a mortgage loan and the closing process**
  - D. A document required to apply for a mortgage**

- 6. What is required for a dealer operating fewer than 40 hours a week?**
- A. Offer extended warranty**
  - B. Post a clear sign**
  - C. Enroll in continuing education**
  - D. Limit advertisement**
- 7. What type of license is required to perform property management services in Colorado?**
- A. A special property management license**
  - B. An inactive real estate license**
  - C. Any active real estate license**
  - D. No license is required**
- 8. What does the term "deceptive trade practice" encompass in the context of vehicle sales?**
- A. Giving false information about the vehicle's prior use**
  - B. Offering a warranty without full disclosure**
  - C. Both A and B**
  - D. Neither A nor B**
- 9. What must a real estate agent disclose to a buyer if the property has been stigmatized?**
- A. All marketing materials for the property**
  - B. Only the price history of the property**
  - C. Material facts that affect the value of the property**
  - D. The agent's personal opinion about the property**
- 10. Depot plates may be used during normal business hours to transport a motor vehicle. Which of the following statements is correct?**
- A. They may only be used for local deliveries**
  - B. They may not be used at all during non-business hours**
  - C. All of the above**
  - D. They may be used for employee transport**



## **Answers**

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1. B
2. B
3. B
4. C
5. C
6. B
7. C
8. C
9. C
10. C

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## **Explanations**

**1. What must a dealer do when a salesperson leaves the dealership?**

**A. Notify the Auto Industry Division**

**B. Return the salesperson's license**

**C. Transfer the salesperson's license to another dealer**

**D. Retain the salesperson's license indefinitely**

When a salesperson leaves the dealership, the appropriate action for the dealer is to return the salesperson's license. This requirement is in place because the license is tied to that specific dealership and its operations. It helps maintain accurate records within the regulatory framework of the state, ensuring that licenses are active and associated with the correct individuals and establishments. By returning the license, the dealership prevents the potential for misuse of the license and ensures that the state has up-to-date information about the identity and status of licensed salespeople operating in Colorado. This practice is crucial for compliance with state regulations governing automotive sales and helps protect both consumers and the integrity of the sales process. Keeping the license indefinitely or transferring it does not adhere to the regulatory requirements, as only the license holder or the relevant authorities can update the status of the license. Therefore, the most appropriate and legally compliant action is to return it to the Auto Industry Division.

**2. What is the required amount for a surety bond for motor vehicle salesmen?**

**A. \$10,000**

**B. \$15,000**

**C. \$20,000**

**D. \$30,000**

The required amount for a surety bond for motor vehicle salesmen in Colorado is indeed \$15,000. This bond serves as a form of insurance that protects consumers and ensures that salesmen adhere to the laws and regulations governing motor vehicle sales. The bond operates as a financial guarantee that claims can be made against it in the event that a salesman fails to follow these regulations or engages in unethical practices. In the context of motor vehicle sales, holding this bond is essential for maintaining trust between salesmen, buyers, and the state. It underscores the accountability of salespeople in their dealings and conveys a commitment to ethical behavior and legal compliance. By having a surety bond, salesmen not only safeguard their own practices but also provide peace of mind to consumers engaging in transactions.

**3. What is the primary purpose of the Colorado Real Estate Commission?**

- A. To manage real estate marketing strategies**
- B. To regulate real estate transactions and protect consumers**
- C. To provide financial assistance to real estate agents**
- D. To conduct real estate seminars and workshops**

The primary purpose of the Colorado Real Estate Commission is to regulate real estate transactions and protect consumers. This regulatory body is tasked with establishing and enforcing laws and standards that govern the real estate industry within the state. By overseeing real estate practices, the commission ensures that agents and brokers adhere to ethical and professional standards, which helps to safeguard consumers from fraudulent or unethical practices. This protective role is crucial in maintaining public trust and integrity in the real estate market. The other options focus on aspects that are not the core responsibilities of the commission. For instance, managing marketing strategies or providing financial assistance are not within the regulatory scope of the commission. While it may promote education through seminars and workshops, this is more of a secondary function rather than its primary purpose; the main emphasis remains firmly on regulation and consumer protection.

**4. What must a dealer indicate on the customer contract when a vehicle is sold "as is"?**

- A. The dealer will provide a warranty**
- B. The vehicle has passed safety inspection**
- C. Clear indication of "as is" status without guarantee**
- D. The vehicle is eligible for future service**

When a vehicle is sold "as is," it signifies that the buyer is accepting the vehicle in its current condition without any warranties or guarantees from the dealer regarding its performance, condition, or any future repairs. It is crucial for the dealer to clearly indicate the "as is" status on the customer contract to ensure that the buyer understands they are taking on any risks associated with the vehicle's current state. This clarity protects both parties: the dealer from future liability for repairs, and the buyer by informing them that the vehicle may have issues that are not disclosed. The other choices imply some level of assurance or additional services related to the vehicle. Providing a warranty or a claim that the vehicle has passed a safety inspection could mislead the customer into thinking they are entitled to certain protections or guarantees, which contradicts the "as is" concept. Similarly, stating that the vehicle is eligible for future service could imply ongoing support or inspections, which are not part of an "as is" sale. Therefore, the accurate and legally required action is to include a clear indication of the "as is" status without guarantees.

## 5. What does "closing disclosure" refer to?

- A. A summary of the home's maintenance history
- B. A checklist for moving into a new home
- C. A form that outlines all the costs associated with a mortgage loan and the closing process**
- D. A document required to apply for a mortgage

The term "closing disclosure" specifically refers to a form that outlines all the costs associated with a mortgage loan and the closing process. This document is crucial in real estate transactions, as it provides borrowers with detailed information about the loan terms, the costs of obtaining the loan, and any additional fees that may be charged. It serves to ensure transparency in the financial aspects of the transaction, allowing the buyer to understand exactly what they will be paying at closing. The closing disclosure must be provided to the borrower three days before the closing meeting, giving them time to review and ask questions if needed. This aligns directly with the purpose of the form and its significance in real estate practices. In contrast, the other options do not accurately represent what a closing disclosure entails. Summaries of home maintenance history or moving checklists focus on different aspects of homeownership and do not relate to the financial disclosures required during the closing of a mortgage loan. Similarly, while a document required to apply for a mortgage is crucial, it does not encompass the final financial summaries provided at closing, which is the key focus of a closing disclosure.

## 6. What is required for a dealer operating fewer than 40 hours a week?

- A. Offer extended warranty
- B. Post a clear sign**
- C. Enroll in continuing education
- D. Limit advertisement

For a dealer operating fewer than 40 hours a week, posting a clear sign indicating the business hours is essential. This requirement helps ensure that customers are aware of when they can access dealership services, promoting transparency and facilitating customer planning. By clearly communicating operating hours, the dealer enhances the customer experience, as potential buyers know when the dealership is open for business and can avoid unnecessary visits. The other options do not specifically pertain to the operational necessities of a dealer running fewer than 40 hours a week. Offering extended warranties can enhance sales but does not address the basic requirement of establishing business hours. Enrolling in continuing education can be beneficial for personal development but is not mandated for those operating within this hour constraint. Limiting advertisement is not a requirement that would directly affect the operation hours or customer access, making the clear sign the most pertinent necessity for dealers in this scenario.

**7. What type of license is required to perform property management services in Colorado?**

- A. A special property management license**
- B. An inactive real estate license**
- C. Any active real estate license**
- D. No license is required**

In Colorado, to perform property management services legally, an individual must possess any active real estate license. This requirement is in place to ensure that property management activities, which include leasing, renting, or managing residential or commercial properties on behalf of property owners, are conducted by professionals who have met the necessary educational and ethical standards set by the Colorado Division of Real Estate. Having an active real estate license signifies that the individual has completed the required training, understands the laws governing real estate transactions, and is equipped with the necessary skills to manage properties responsibly. This helps protect both property owners and tenants by ensuring that property managers are knowledgeable about applicable housing regulations and can represent the interests of their clients effectively. The other options would not fulfill the legal requirements for performing property management services in Colorado. A special property management license does not exist in this context, an inactive real estate license does not allow one to engage in real estate activities, and there are no exceptions that permit property management without an active license.

**8. What does the term "deceptive trade practice" encompass in the context of vehicle sales?**

- A. Giving false information about the vehicle's prior use**
- B. Offering a warranty without full disclosure**
- C. Both A and B**
- D. Neither A nor B**

The term "deceptive trade practice" in the context of vehicle sales refers to activities that mislead consumers regarding the nature, quality, or characteristics of a vehicle. This can include any actions that could distort the truth in order to induce a sale. In this scenario, both giving false information about the vehicle's prior use and offering a warranty without full disclosure fall under deceptive trade practices. When a seller inaccurately represents a vehicle's history—such as its previous accidents, age, or usage—it can significantly impact a buyer's decision. Similarly, failing to fully disclose the terms and limitations of a warranty can lead buyers to believe they have more protection than they actually do, which is misleading. Both actions violate principles of consumer protection and could result in legal consequences for the seller. Thus, the combination of these two forms of deception accurately reflects the comprehensive nature of deceptive trade practices in vehicle sales.

**9. What must a real estate agent disclose to a buyer if the property has been stigmatized?**

- A. All marketing materials for the property**
- B. Only the price history of the property**
- C. Material facts that affect the value of the property**
- D. The agent's personal opinion about the property**

A real estate agent is obligated to disclose material facts that affect the value of a property, including any stigmas associated with it. A stigma could arise from various factors such as a crime that occurred on the property, whether it has been the site of a haunted story, or other events that could negatively influence a buyer's perception and potentially the property's market value. Material facts are defined as those details that would reasonably affect the buyer's decision-making process. When a property is stigmatized, it is essential for the agent to share these aspects so that potential buyers can make informed choices. This transparency helps maintain trust and upholds the agent's responsibility to ensure that buyers are fully aware of significant information that may impact their investment. Marketing materials and price history are not as critical in this context, as they do not directly address the consented issue of stigmatization, and personal opinions are subjective and not legally required to be disclosed. Thus, the correct response emphasizes the legal duty to inform buyers about any material facts that may influence their evaluation of a property.

**10. Depot plates may be used during normal business hours to transport a motor vehicle. Which of the following statements is correct?**

- A. They may only be used for local deliveries**
- B. They may not be used at all during non-business hours**
- C. All of the above**
- D. They may be used for employee transport**

Depot plates in Colorado are designed specifically for the transportation of motor vehicles by dealerships or businesses during their normal operating hours. The use of these plates is regulated to ensure they're not misused outside of the designated parameters. The first statement about depot plates being limited to local deliveries reflects a common understanding about transportation regulations; the intent behind this is likely to confine the use of depot plates to manageable, local operations. The second statement indicates that depot plates cannot be utilized during non-business hours. This is significant because it reinforces the restrictions on their application, ensuring they are only in play when the business is active and under scrutiny, thereby reducing the chances of misuse or unauthorized vehicle use. Thus, both statements are valid within the context of the regulations governing depot plates. Since both are true, the answer that encompasses both points is the one that acknowledges their correctness.



## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://coloradosaleslicence.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**