

ITD Dealer License Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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

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- 1. How many states report title and brand records to the NMVTIS?**
 - A. 25 states**
 - B. All fifty states**
 - C. Only 10 states**
 - D. 30 states**

- 2. What should a dealer do if they receive a notice of non-compliance?**
 - A. Ignore it and continue operations**
 - B. Address the issues stated and provide proof of compliance to ITD**
 - C. Consult with a lawyer before responding**
 - D. Close the dealership until the issues are resolved**

- 3. What type of supplemental lot is a long-term location for the dealership?**
 - A. Temporary Supplemental Lot**
 - B. Permanent Supplemental Lot**
 - C. Seasonal Sale Lot**
 - D. Casual Display Lot**

- 4. What must a dealer do with unsold vehicles at the end of a sales event?**
 - A. Sell them at a lower price**
 - B. Comply with any state regulations for disposal or return**
 - C. Store them indefinitely**
 - D. Donate them to charity**

- 5. What must be conducted on a vehicle before selling it?**
 - A. A complete and thorough inspection**
 - B. A written appraisal of the car's value**
 - C. A digital advertisement for online sales**
 - D. A background check on the previous owner**

- 6. What action must a dealer take if they face revocation or suspension of their license?**
- A. They must reapply immediately**
 - B. They must comply with ITD regulations**
 - C. They can continue operations**
 - D. They must file a lawsuit**
- 7. What is legally required to be defined in a consignment agreement?**
- A. The sale price and trade-in value**
 - B. The rights of the consignor and consignee**
 - C. The payment methods accepted**
 - D. The duration of the consignment**
- 8. What is one requirement for becoming a wholesale dealer?**
- A. Obtaining a general sales tax permit**
 - B. A separate wholesale dealer license must be obtained**
 - C. Participation in a mandatory training seminar**
 - D. Having at least one physical location**
- 9. What training program is often recommended for prospective auto dealers?**
- A. A sales training workshop**
 - B. A dealership management training course**
 - C. A basic finance course**
 - D. An online marketing certification**
- 10. What is required to maintain a car dealership in terms of business operation?**
- A. A physical location with a sales lot and an active business operation**
 - B. An online presence with no physical location**
 - C. A mobile unit for sales**
 - D. A partnership with another dealership**

Answers

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

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Explanations

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1. How many states report title and brand records to the NMVTIS?

- A. 25 states**
- B. All fifty states**
- C. Only 10 states**
- D. 30 states**

The National Motor Vehicle Title Information System (NMVTIS) is a national database created to help protect consumers from fraud and to encourage the online transfer of vehicle title information. All fifty states report title and brand records to NMVTIS. This comprehensive participation ensures that the database has the most complete and up-to-date vehicle title information available, promoting greater transparency and aiding in the prevention of title fraud and theft. Since every state is involved, it enhances the system's reliability and effectiveness in tracking vehicle titles and protecting the interests of both consumers and law enforcement agencies.

2. What should a dealer do if they receive a notice of non-compliance?

- A. Ignore it and continue operations**
- B. Address the issues stated and provide proof of compliance to ITD**
- C. Consult with a lawyer before responding**
- D. Close the dealership until the issues are resolved**

When a dealer receives a notice of non-compliance, the appropriate course of action is to address the issues stated in the notice and provide proof of compliance to the relevant authority, in this case, the ITD (Industry and Trade Department). Taking proactive steps demonstrates the dealer's commitment to adhering to regulations and correcting any deficiencies highlighted in the notice. Acting promptly to resolve the issues not only helps maintain the dealer's good standing but also mitigates the potential for penalties or further legal action from regulatory bodies. It is often beneficial to document compliance efforts and maintain open lines of communication with the ITD to ensure that all necessary requirements are met. Options such as ignoring the notice, closing the dealership, or seeking legal advice without first attempting to address the issues may lead to more complications and misunderstandings. Taking immediate corrective action is the most effective way to resolve the situation and maintain compliant operations.

3. What type of supplemental lot is a long-term location for the dealership?

- A. Temporary Supplemental Lot**
- B. Permanent Supplemental Lot**
- C. Seasonal Sale Lot**
- D. Casual Display Lot**

A permanent supplemental lot is specifically designed to serve as a long-term location for a dealership's operations. It provides stable space to display vehicles and accommodate additional inventory without the temporary nature of other lot types. Unlike a temporary supplemental lot, which is used for a short duration, or a seasonal sale lot, which is relevant only during specific times of the year, a permanent supplemental lot signifies a commitment to that location for an extended period. This facilitates the growth of the dealership by allowing them to maintain a consistent presence in the area, helping to build customer relationships and enhancing brand visibility. A casual display lot, typically arranged for special events or promotions, also lacks the long-term reliability characteristic of a permanent supplemental lot.

4. What must a dealer do with unsold vehicles at the end of a sales event?

- A. Sell them at a lower price**
- B. Comply with any state regulations for disposal or return**
- C. Store them indefinitely**
- D. Donate them to charity**

The requirement for a dealer to comply with any state regulations for disposal or return of unsold vehicles at the end of a sales event is essential in ensuring that they are adhering to legal standards and practices. Each state has specific laws regarding how unsold inventory should be managed to protect consumers, the environment, and the integrity of the marketplace. This can include adhering to regulations relating to the return of vehicles to manufacturers, allowing for repossession, or ensuring that the vehicles are properly stored and maintained until they can be sold or disposed of legally. By following these regulations, dealers ensure that they mitigate potential legal exposure and maintain their license to operate within the state. The other options, while they might seem viable at first glance, do not align as closely with the legal obligations a dealer must fulfill regarding unsold vehicles. For instance, selling vehicles at a lower price might not be permitted if it violates pricing agreements or consumer protection laws. Storing vehicles indefinitely is impractical and could lead to further legal issues, while donating them to charity, although altruistic, may not always be a viable or permissible option given the circumstances of the vehicles and the dealer's business policies.

5. What must be conducted on a vehicle before selling it?

- A. A complete and thorough inspection**
- B. A written appraisal of the car's value**
- C. A digital advertisement for online sales**
- D. A background check on the previous owner**

Conducting a complete and thorough inspection on a vehicle before selling it is essential to ensure that the car is safe and mechanically sound. This inspection often covers critical components such as the engine, brakes, tires, and electrical systems, helping to identify any potential issues that could affect the vehicle's performance or safety on the road. This practice not only protects the buyer by providing them with confidence in their purchase but also protects the seller from potential liability should any undisclosed issues arise after the sale. Additionally, having a thorough inspection can help in justifying the asking price of the vehicle and can be a selling point, showcasing transparency and building trust with potential buyers. In contrast, other options like conducting a written appraisal, creating a digital advertisement, or performing a background check on the previous owner, while beneficial in certain contexts, do not directly address the immediate needs of ensuring the vehicle is ready for sale in terms of safety and functionality. Therefore, the inspection is a fundamental step that should not be overlooked in the sales process.

6. What action must a dealer take if they face revocation or suspension of their license?

- A. They must reapply immediately**
- B. They must comply with ITD regulations**
- C. They can continue operations**
- D. They must file a lawsuit**

The obligation for a dealer facing revocation or suspension of their license revolves around compliance with ITD regulations. Regulatory bodies set forth specific guidelines that dealers must adhere to in order to maintain their license and operate their business legally. When a dealer faces potential revocation or suspension, they are expected to align with these regulations, which could involve addressing any cited issues, ensuring proper documentation is maintained, and fulfilling any mandated corrective actions. Remaining in compliance with regulations is vital as it not only shows willingness to rectify the situation but also could influence the decision on whether the license will be reinstated or the revocation will proceed. Other actions, such as immediately reapplying or filing a lawsuit, do not directly address the initial concerns raised by the regulatory authority and may not be a prudent course of action. Continuing operations during this time would also violate the legal stipulations involved in the revocation/suspension process. Hence, compliance is the key responsibility of the dealer in this situation.

7. What is legally required to be defined in a consignment agreement?

- A. The sale price and trade-in value**
- B. The rights of the consignor and consignee**
- C. The payment methods accepted**
- D. The duration of the consignment**

A consignment agreement is a legal arrangement between two parties, typically the consignor (the owner of the goods) and the consignee (the seller or dealer). It is critical for the agreement to define the rights of both the consignor and consignee. This includes specifying who holds ownership of the goods, how profits from the sale are distributed, and obligations related to the handling and sale of the items. Clearly outlining the rights ensures that both parties understand their responsibilities and protections under the law, reducing the risk of disputes. For instance, it should detail what happens in situations where goods are unsold or damaged, or how liabilities are shared. While other aspects, like sale price, payment methods, and duration of the consignment, may be important details in an agreement, they are not universally required elements as the definition of rights is critical to the operational framework of the consignment relationship. The focus on rights creates a clear legal understanding that supports both parties throughout the agreement.

8. What is one requirement for becoming a wholesale dealer?

- A. Obtaining a general sales tax permit**
- B. A separate wholesale dealer license must be obtained**
- C. Participation in a mandatory training seminar**
- D. Having at least one physical location**

To become a wholesale dealer, obtaining a separate wholesale dealer license is a fundamental requirement. This license is specifically designed for individuals or businesses that aim to operate as wholesale dealers, differentiating them from retail dealers who sell directly to consumers. The wholesale dealer license ensures that the dealer complies with state regulations regarding the wholesale distribution of products, including proper practices for pricing, licensing, and sales records. Having this specific license is crucial because it helps authorities keep track of wholesale operations and ensures that dealers adhere to industry standards. This licensing requirement also instills confidence in manufacturers and suppliers who are engaging with wholesale dealers, knowing that they are dealing with licensed and regulated businesses. The other choices, while relevant to various business practices, are not specific to the foundational requirements for establishing a wholesale dealership.

9. What training program is often recommended for prospective auto dealers?

- A. A sales training workshop**
- B. A dealership management training course**
- C. A basic finance course**
- D. An online marketing certification**

Choosing a dealership management training course is highly beneficial for prospective auto dealers because it provides comprehensive knowledge and skills essential for running a successful dealership. These courses often cover a wide range of topics, including inventory management, sales strategies, customer service, and compliance with industry regulations. Understanding dealership operations is crucial for managing staff effectively, optimizing sales processes, and ensuring that the business adheres to legal standards. Furthermore, having a solid foundation in dealership management helps new dealers make informed decisions that impact profitability and customer satisfaction. In contrast, while sales training workshops and basic finance courses can provide valuable skills, they are more focused on specific areas rather than the holistic view of dealership management. Online marketing certification may help with digital strategies, but it lacks the comprehensive operational training that a dealership management course offers.

10. What is required to maintain a car dealership in terms of business operation?

- A. A physical location with a sales lot and an active business operation**
- B. An online presence with no physical location**
- C. A mobile unit for sales**
- D. A partnership with another dealership**

To maintain a car dealership, having a physical location with a sales lot and an active business operation is essential. This requirement ensures that the dealership meets local zoning regulations, complies with state licensing mandates, and provides a space where customers can view the vehicles and engage with sales staff directly. A physical presence instills trust and credibility with potential buyers, as it signifies a commitment to the business and allows for easier negotiations, vehicle inspections, and test drives. While other choices may present alternative business models, they do not fulfill the fundamental requirements of a traditional car dealership. An online presence without a physical location can limit the ability to conduct business in compliance with local laws. A mobile unit could provide some level of service, but it does not establish the stable infrastructure and customer interaction that a traditional dealership offers. Lastly, while partnerships with other dealerships can enhance business opportunities, they do not substitute the necessity of having a dedicated location for operations. Thus, the presence of a physical location paired with active operation is central to running a successful car dealership.

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.

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

<https://itdealer.examzify.com>

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

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