

ITD DEALER LICENSE PRACTICE TEST (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. Which of the following could be an unethical practice in vehicle sales?**
 - A. Honest communication of vehicle condition
 - B. Offering a warranty to all customers
 - C. Concealing information about known issues
 - D. Adhering to all sales regulations
- 2. How many vehicles may be displayed at a casual lot?**
 - A. Four displayed and not offered for sale
 - B. Five displayed and not offered for sale
 - C. Six displayed and not offered for sale
 - D. Unlimited displayed but only one for sale
- 3. When are the ITD inspections scheduled?**
 - A. Initial, bi-annual, and drop-ins
 - B. Initial, 30-day, 90-day, and drop-ins
 - C. Every six months and annual inspections
 - D. Initial inspections only
- 4. What form is needed from other sellers to not pay sales tax?**
 - A. ST-101 Resale Exemption Certificate
 - B. ITD Tax Exemption Form
 - C. Dealer Tax Waiver Submission
 - D. Sales Tax Declaration Form
- 5. What does the term "consignor" refer to in a consignment agreement?**
 - A. The buyer of the vehicle
 - B. The representative of the dealer
 - C. The seller of the vehicle
 - D. The financial institution backing the sale
- 6. What aspect must be included in the sales contract regarding warranties?**
 - A. Length of the warranty period
 - B. Conditions under which the warranty is void
 - C. All terms must be clearly defined
 - D. All of the above

- 7. What qualification allows a dealer to rely on ICAR instead of maintaining a surety bond?**
- A. Successful completion of a dealership course
 - B. Three consecutive years without lapses or claims
 - C. Being part of a dealer association
 - D. Approval from the state board
- 8. What form is required for the Notice of Release of Liability?**
- A. ITD 3858
 - B. ITD 3859
 - C. ITD 3860
 - D. ITD 3861
- 9. Is it permissible to post "by appointment only" for your declared business hours?**
- A. Yes, it is allowed
 - B. No, it is not allowed
 - C. Only for certain days
 - D. Yes, if stated clearly
- 10. How must the owner's name appear on the ITD 3415 consignment form?**
- A. It can be abbreviated as needed
 - B. As shown on the title
 - C. As the name appears in public records
 - D. It should be personalized for the form

Answers

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

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Explanations

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1. Which of the following could be an unethical practice in vehicle sales?

- A. Honest communication of vehicle condition
- B. Offering a warranty to all customers
- C. Concealing information about known issues**
- D. Adhering to all sales regulations

Concealing information about known issues is considered an unethical practice in vehicle sales because it undermines the concept of transparency and trust between the dealer and the customer. When a dealer fails to disclose known problems with a vehicle, it misleads the customer regarding the true condition and value of the vehicle, which can lead to financial loss or safety concerns for the buyer. Ethical sales practices prioritize honest communication and full disclosure, enabling customers to make informed decisions. By withholding important information, the seller not only risks legal repercussions but also damages their reputation and trustworthiness in the marketplace.

2. How many vehicles may be displayed at a casual lot?

- A. Four displayed and not offered for sale
- B. Five displayed and not offered for sale
- C. Six displayed and not offered for sale**
- D. Unlimited displayed but only one for sale

The correct answer reflects that a casual lot can display up to six vehicles that are not actively offered for sale. This regulation acknowledges that casual lots provide a space for dealers to showcase vehicles without requiring them to be in a formal sales capacity. Displaying up to six vehicles allows for a manageable inventory that can attract potential buyers without the pressure of immediate sales. It's important to note the context of casual lots, which are typically temporary and less formal compared to standard dealerships. This limited number helps maintain control over the displayed vehicles and ensures that the environment remains organized. The other options either suggest a lower number of vehicles which does not align with the policy or imply an unlimited capacity, which could lead to overcrowding and confusion in a casual lot setting. Understanding these limits helps ensure compliance with regulations governing vehicle sales and displays.

3. When are the ITD inspections scheduled?

- A. Initial, bi-annual, and drop-ins
- B. Initial, 30-day, 90-day, and drop-ins**
- C. Every six months and annual inspections
- D. Initial inspections only

The correct answer emphasizes the various types of inspections mandated for ITD compliance. The initial inspection is critical as it establishes the baseline standards for the operation and compliance of the dealership. Following this, the 30-day and 90-day inspections serve as designated checkpoints to ensure that the dealership is maintaining adherence to established standards, addressing any compliance issues promptly. Drop-in inspections are also important, as they can occur unexpectedly and assess ongoing compliance without prior notice. This combination reflects a comprehensive approach to inspections that helps ensure continuous regulatory adherence, making it vital for dealerships to understand these timelines and types of inspections.

4. What form is needed from other sellers to not pay sales tax?

A. ST-101 Resale Exemption Certificate

B. ITD Tax Exemption Form

C. Dealer Tax Waiver Submission

D. Sales Tax Declaration Form

The ST-101 Resale Exemption Certificate is the correct choice because it is specifically designed to allow businesses to purchase goods without paying sales tax when those goods are intended for resale. This certificate is crucial for maintaining the legal and financial integrity of transactions between sellers and buyers in the context of resale. When a seller provides this certificate to a vendor, it confirms that the buyer is not the final consumer of the goods, thereby justifying the exemption from sales tax. In the resale context, sellers must collect sales tax on the items they sell to end-users but are not responsible for collecting sales tax when the purchaser is also a retailer who will sell those items to others. The ST-101 form serves as proof for the seller to demonstrate their right to purchase items tax-free, ultimately facilitating a smoother transaction process. Other forms mentioned are not specifically intended for the resale tax exemption context. For instance, while there may be tax exemption forms available for various specific conditions, they do not serve the same purpose as the ST-101. This makes the ST-101 the definitive form for this particular scenario, ensuring it meets the regulatory requirements for sales tax exemptions between sellers.

5. What does the term "consignor" refer to in a consignment agreement?

A. The buyer of the vehicle

B. The representative of the dealer

C. The seller of the vehicle

D. The financial institution backing the sale

In a consignment agreement, the term "consignor" specifically refers to the seller of the vehicle. This is the person or entity that delivers the vehicle to the dealer with the intention of selling it on their behalf. The consignor retains ownership of the vehicle until it is sold, at which point the dealer sells it and remits the agreed-upon proceeds back to the consignor. This arrangement allows the consignor to leverage the dealer's resources to reach potential buyers while maintaining ownership until a sale is made. Understanding the role of the consignor is crucial in the context of consignment agreements, as it highlights the distinction between ownership and dealership responsibilities. While the dealer facilitates the sale, the consignor is ultimately responsible for the vehicle's title and any liabilities associated with it until the transaction is completed.

6. What aspect must be included in the sales contract regarding warranties?

- A. Length of the warranty period
- B. Conditions under which the warranty is void
- C. All terms must be clearly defined
- D. All of the above**

The inclusion of all terms related to warranties in a sales contract is essential because it provides clarity and protects both the buyer and seller. When a contract outlines the length of the warranty period, it establishes how long the buyer can expect coverage for defects or issues with the product. This helps manage expectations and avoids confusion regarding when warranty claims can be made. Additionally, specifying the conditions under which the warranty may be void is equally important. This information informs the buyer about actions or circumstances that may nullify their warranty rights, guiding them in how to maintain coverage. By understanding these conditions, the buyer is better equipped to comply with the warranty requirements. Overall, a comprehensive approach that includes all relevant terms contributes to transparent and fair dealings. Contracts that clearly define these components can prevent disputes and ensure that both parties have a mutual understanding of their rights and responsibilities. Therefore, it is critical for a sales contract involving warranties to encompass all these elements to be effective and legally sound.

7. What qualification allows a dealer to rely on ICAR instead of maintaining a surety bond?

- A. Successful completion of a dealership course
- B. Three consecutive years without lapses or claims**
- C. Being part of a dealer association
- D. Approval from the state board

The correct qualification that allows a dealer to rely on ICAR (Insurance Claims and Repair) instead of maintaining a surety bond is the completion of three consecutive years without lapses or claims. This criterion is significant because it demonstrates a dealer's stability and reliability in managing their business without negative financial impacts or compliance issues. A history of uninterrupted operation and a clean claims record indicates that the dealer can fulfill their obligations and has a proven track record, thereby reducing the need for the financial security that a surety bond provides. This threshold acknowledges that experienced dealers who have successfully managed their operations over a period of time pose a lower risk to consumers and the state. In this context, meeting this requirement can enhance the credibility of the dealer and can lead to more favorable conditions in terms of licensing and operational requirements. Other qualifications, while they might be relevant to a dealer's business practices, do not specifically address the criteria for waiving a surety bond.

8. What form is required for the Notice of Release of Liability?

- A. ITD 3858**
- B. ITD 3859
- C. ITD 3860
- D. ITD 3861

The Notice of Release of Liability is crucial in providing legal protection to a seller when they transfer ownership of a vehicle. This form essentially informs the Department of Motor Vehicles that the seller no longer holds responsibility for the vehicle after the transfer, thereby releasing them from potential liabilities associated with the vehicle. The specific form required for this process is ITD 3858. This form needs to be completed and submitted to formally document the change of ownership and ensure that the seller is not held accountable for any future actions involving the vehicle, such as traffic violations or accidents. Understanding the significance of this form is vital for effective property transfer in the automotive space, as it safeguards both the seller's and buyer's interests by maintaining clear and accurate records with the appropriate authorities.

9. Is it permissible to post "by appointment only" for your declared business hours?

- A. Yes, it is allowed
- B. No, it is not allowed**
- C. Only for certain days
- D. Yes, if stated clearly

The correct approach to this question revolves around the understanding of business licensing regulations, which vary by jurisdiction. Typically, declared business hours should reflect actual operating hours during which customers can access services, and posting "by appointment only" can be misleading if not clearly defined. A business is expected to communicate its availability transparently to ensure compliance with local regulations and consumer expectations. If a business operates only on an appointment basis as its standard practice, it is essential to explicitly state that as part of the business's published hours. Simply stating "by appointment only" without additional context could lead to customer confusion and potential regulatory issues. Moreover, having clear business hours that reflect actual operational practices fosters good customer relations, as people appreciate knowing when they can expect services without ambiguity. Thus, adhering to clear and conventional business hour postings is pivotal in maintaining compliance and customer trust in the business.

10. How must the owner's name appear on the ITD 3415 consignment form?

- A. It can be abbreviated as needed
- B. As shown on the title**
- C. As the name appears in public records
- D. It should be personalized for the form

The owner's name must appear on the ITD 3415 consignment form exactly as it is shown on the title. This requirement ensures consistency and accuracy in the documentation process, which is crucial for legal and administrative purposes. Having the name match the title protects the integrity of ownership records and helps avoid disputes regarding vehicle ownership. When names are listed inconsistently—such as through abbreviations or personalized alterations—it can lead to confusion or complications during the registration or transfer of ownership, affecting compliance with state regulations. Therefore, using the name as it appears on the title is essential for a smooth transaction process and adherence to legal standards.

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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