

Montana Real Estate Practice Exam (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. What term describes an agent who represents both the buyer and the seller in a transaction?**
 - A. Exclusive agency**
 - B. Dual agency**
 - C. Single agency**
 - D. Transaction broker**
- 2. What is the minimum amount of continuing education hours required for license renewal in Montana?**
 - A. 6 hours**
 - B. 12 hours**
 - C. 20 hours**
 - D. 24 hours**
- 3. What does "earnest money" signify in a real estate transaction?**
 - A. A deposit made by a buyer to demonstrate serious intent to purchase a property**
 - B. An upfront fee paid to the real estate agent**
 - C. Funds reserved for home inspection costs**
 - D. A penalty fee paid for withdrawing an offer**
- 4. What should a broker do if there is a dispute over earnest money between the buyer and seller?**
 - A. Distribute the funds to the buyer**
 - B. Hold the funds until the dispute is resolved**
 - C. Return the funds to the buyer**
 - D. Split the funds between the parties**
- 5. Who is qualified to appraise properties in Montana?**
 - A. Anyone with real estate experience.**
 - B. Real estate agents with a license.**
 - C. Licensed appraisers who meet state certification standards.**
 - D. Only certified real estate brokers.**

6. What does forbearance refer to in real estate financing?

- A. An agreement to reduce maintenance fees**
- B. A temporary decrease or cessation of mortgage payments**
- C. A legal obligation to secure funding for a mortgage**
- D. A method of property appraisal**

7. What do conditional use permits allow in real estate?

- A. Options for property owners to sue for damages**
- B. Land usage for purposes not generally permitted by zoning laws**
- C. Immediate alterations to property structures**
- D. Exclusive rights to develop land**

8. Which aspect is NOT required for obtaining a real estate license in Montana?

- A. Approval of real estate coursework**
- B. Completion of a background check**
- C. Filing a sales transaction record**
- D. Meeting the age requirement**

9. How does the Fair Housing Act influence real estate transactions?

- A. It allows for preferential treatment in housing**
- B. It prohibits discrimination based on various protected characteristics**
- C. It regulates property taxes**
- D. It advocates for homeowners' associations**

10. What is NOT required to be documented by a licensee according to real estate practices?

- A. Verbal agreements**
- B. Written agreements**
- C. Transaction details**
- D. Client communications**

Answers

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

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Explanations

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1. What term describes an agent who represents both the buyer and the seller in a transaction?

- A. Exclusive agency**
- B. Dual agency**
- C. Single agency**
- D. Transaction broker**

The term that describes an agent who represents both the buyer and the seller in a transaction is dual agency. This occurs when a single real estate agent or brokerage has a fiduciary responsibility to both parties involved in the sale of a property. Dual agency is a unique relationship that requires careful management, as the agent must navigate the interests of both the buyer and the seller without compromising the obligations owed to either side. In many jurisdictions, dual agency is permitted but comes with specific regulations intended to ensure that both parties are treated fairly. The agent must disclose their dual agency status and obtain consent from both the buyer and the seller, which underscores the importance of transparency in such arrangements. In contrast, the other terms do not describe the same relationship. An exclusive agency refers to a situation where a seller grants one agent the exclusive right to sell their property, but the seller retains the right to sell it themselves. Single agency pertains to a situation where an agent represents only one party (either the buyer or the seller). A transaction broker acts as a facilitator in the transaction without representing either party in a fiduciary capacity, maintaining a neutral position throughout the process.

2. What is the minimum amount of continuing education hours required for license renewal in Montana?

- A. 6 hours**
- B. 12 hours**
- C. 20 hours**
- D. 24 hours**

In Montana, the minimum amount of continuing education hours required for license renewal is indeed 12 hours. This requirement ensures that real estate professionals stay current with industry trends, legal changes, and best practices. Continuing education is crucial for maintaining a high level of professionalism and competence within the field. By completing these educational hours, licensees demonstrate their commitment to ongoing professional development and consumer protection. This requirement serves to reinforce the importance of knowledgeable practice in real estate, fostering a more informed and effective industry overall. Maintaining a minimum education standard helps all practitioners remain updated on evolving laws, regulations, and market conditions, ultimately benefiting both the professionals and their clients.

3. What does "earnest money" signify in a real estate transaction?

- A. A deposit made by a buyer to demonstrate serious intent to purchase a property**
- B. An upfront fee paid to the real estate agent**
- C. Funds reserved for home inspection costs**
- D. A penalty fee paid for withdrawing an offer**

Earnest money refers to a deposit made by a buyer in a real estate transaction to demonstrate their serious intent to purchase a property. This deposit shows the seller that the buyer is committed to moving forward with the purchase, which can enhance the buyer's negotiating position and increase the likelihood of the offer being accepted. The earnest money is typically held in an escrow account and will be applied towards the buyer's down payment or closing costs if the transaction proceeds. If the deal falls through due to the buyer's failure to meet terms that are not contingencies (such as securing financing), the seller may have the right to keep the earnest money as compensation for the time the property was off the market. The other options do not accurately represent the role of earnest money in a real estate transaction. For example, the upfront fee for a real estate agent would be related to agency representation rather than demonstrating intent to purchase. Funds for home inspection costs are separate and not considered earnest money. Finally, a penalty fee for withdrawing an offer does not describe the nature or purpose of earnest money, which is meant to secure a commitment rather than penalize a buyer.

4. What should a broker do if there is a dispute over earnest money between the buyer and seller?

- A. Distribute the funds to the buyer**
- B. Hold the funds until the dispute is resolved**
- C. Return the funds to the buyer**
- D. Split the funds between the parties**

In a situation where there is a dispute over earnest money between the buyer and seller, the most appropriate action for a broker is to hold the funds until the dispute is resolved. This approach ensures that the broker does not take sides or make a unilateral decision that could further complicate the situation. Holding the earnest money in a trust account allows both parties the opportunity to reach a resolution, whether through negotiation, mediation, or legal proceedings. This way, the funds are protected and available for proper distribution once the parties agree or a ruling is made regarding the dispute. Distributing the funds, returning them to the buyer, or splitting them would prematurely resolve the issue and could lead to legal complications or claims of improper handling of the earnest money. The broker's responsibility is to maintain neutrality and act in accordance with the law and ethical guidelines, which reinforces the importance of holding the funds securely until a clear resolution is achieved.

5. Who is qualified to appraise properties in Montana?

- A. Anyone with real estate experience.
- B. Real estate agents with a license.
- C. Licensed appraisers who meet state certification standards.**
- D. Only certified real estate brokers.

In Montana, the qualification to appraise properties is specifically designated for licensed appraisers who meet state certification standards. This means that individuals must undergo a formal process that includes education and training, as well as passing examinations. The state sets these standards to ensure that appraisers are knowledgeable about valuation methods, market trends, and legal guidelines applicable to real estate appraisal. This professional regulation helps maintain quality and consistency in appraisals, which are essential for various transactions, including sales, financing, and taxation. While real estate agents may have valuable insights into the market, they do not possess the specialized training that licensed appraisers receive regarding property valuation. Additionally, not everyone with real estate experience holds the qualifications necessary for appraising, and only certified real estate brokers do not encompass the full range of qualifications needed for appraisal tasks in Montana. Thus, the emphasis on licensed appraisers ensures that property appraisals are conducted by qualified professionals who follow the required standards.

6. What does forbearance refer to in real estate financing?

- A. An agreement to reduce maintenance fees
- B. A temporary decrease or cessation of mortgage payments**
- C. A legal obligation to secure funding for a mortgage
- D. A method of property appraisal

Forbearance in real estate financing specifically refers to a temporary decrease or cessation of mortgage payments. This practice is often utilized by lenders when a borrower is facing financial difficulties, allowing them some leeway by postponing payment obligations for a set period. The intent is to prevent foreclosure while giving the borrower a chance to stabilize their financial situation. During this time, the lender may agree to defer payments or reduce the monthly payment amounts, easing the borrower's financial burden. It's important for borrowers to understand the terms of forbearance, including how interest may accrue during this period and how payments will be handled once the forbearance is lifted. The other options don't accurately describe forbearance. For example, while maintenance fees pertain to property upkeep, they are unrelated to loan payment structures. Securing mortgage funding refers to obligations tied to obtaining a loan rather than altering payment schedules. Property appraisal methods focus on determining property value, which does not connect to the concept of adjusting payment obligations associated with a loan. This context underscores why the definition of forbearance is specifically tied to mortgage payments.

7. What do conditional use permits allow in real estate?

- A. Options for property owners to sue for damages
- B. Land usage for purposes not generally permitted by zoning laws**
- C. Immediate alterations to property structures
- D. Exclusive rights to develop land

Conditional use permits are specific authorizations granted by local governments that allow property owners to use their land in ways that are not typically allowed under current zoning regulations. This flexibility is crucial for accommodating unique situations where certain uses might benefit the community or where the land's intended use might vary slightly from the zoning in place. The primary objective of granting these permits is to provide exceptions for particular properties or uses that may not fit neatly into established zoning categories but do not significantly detract from the overall character and functionality of the area. For example, a conditional use permit might allow a restaurant to operate in a residential zone, provided it meets certain requirements, such as parking or noise regulations. Options relating to suing for damages, making immediate alterations to structures, or granting exclusive rights to develop land do not accurately reflect the purpose of conditional use permits. These permits do not establish rights against others in the same way that exclusive rights would, nor do they provide a litigious avenue for property owners to seek damages. Additionally, they do not authorize immediate alterations; rather, they may require additional approvals or adhere to specific conditions that must be fulfilled before changes can be made.

8. Which aspect is NOT required for obtaining a real estate license in Montana?

- A. Approval of real estate coursework
- B. Completion of a background check
- C. Filing a sales transaction record**
- D. Meeting the age requirement

To obtain a real estate license in Montana, certain requirements must be met to ensure that potential licensees are qualified and trustworthy. Among these are the approval of real estate coursework, completion of a background check, and meeting a minimum age requirement, typically set at 18 years old. Filing a sales transaction record is not a prerequisite for obtaining a real estate license. While keeping accurate records of sales transactions is an important part of a real estate professional's responsibilities once licensed, it is not a requirement for actually obtaining the license itself. Thus, this aspect stands out as not essential to the licensing process in Montana, which is why it is the correct answer in this scenario.

9. How does the Fair Housing Act influence real estate transactions?

- A. It allows for preferential treatment in housing**
- B. It prohibits discrimination based on various protected characteristics**
- C. It regulates property taxes**
- D. It advocates for homeowners' associations**

The Fair Housing Act plays a crucial role in shaping real estate transactions by prohibiting discrimination based on various protected characteristics. This legislation ensures that individuals have equal access to housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. By establishing these protections, the Act aims to create a fair and equitable housing market, preventing practices such as redlining or discriminatory lending. Real estate professionals must comply with this law during all aspects of transactions, including rental agreements, sales, and advertising. The influence of the Fair Housing Act can be seen in its establishment of guidelines that require sellers, landlords, and real estate agents to treat all clients and customers equally. By doing so, it promotes diverse and inclusive communities and helps to eliminate systemic biases in housing practices. This emphasis on non-discrimination is critical to upholding the rights of all individuals seeking housing. The other options do not correctly reflect the purpose of the Fair Housing Act; for example, it does not provide preferential treatment or directly regulate property taxes or advocate for homeowners' associations.

10. What is NOT required to be documented by a licensee according to real estate practices?

- A. Verbal agreements**
- B. Written agreements**
- C. Transaction details**
- D. Client communications**

In the realm of real estate practices, licensees are required to document various aspects of their transactions to ensure transparency and legality. Verbal agreements, while they can be a part of negotiations, are typically not mandated to be documented. This is because they can often lead to misunderstandings and disputes due to their informal nature. Documentation is critical in establishing clear terms and protecting the interests of all parties involved. On the other hand, written agreements are essential as they provide a formalized record of the terms agreed upon, ensuring that there is no ambiguity. Transaction details, including timelines, parties involved, and specifics of the sale or lease, also need to be documented for reference and compliance with state regulations. Lastly, client communications must be logged to maintain a clear record of interactions, which is important for maintaining fiduciary duties and accountability. Thus, the lack of necessity to document verbal agreements distinguishes it from the other required forms of documentation.

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://montanarealestate.examzify.com>

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

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