

MONTANA REAL ESTATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

<https://montanarealestate.examzify.com>



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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 will happen if a broker uses the trust account funds for personal expenses?**
 - A. There will be no consequences
 - B. They may face a license suspension
 - C. The broker's license will be automatically renewed
 - D. They will incur additional fees
- 2. What does being a 'REALTOR®' signify?**
 - A. A certified property appraiser
 - B. A member of the National Association of REALTORS®
 - C. A government official in real estate
 - D. A real estate agent with no professional ethics
- 3. What is the legal term for the process of transferring ownership of property from one party to another?**
 - A. Title transfer
 - B. Deed execution
 - C. Conveyance
 - D. Assignment
- 4. What happens to a tenant's security deposit if they do not follow the lease terms?**
 - A. It is returned fully
 - B. It may be partially or fully withheld
 - C. It is kept as a penalty
 - D. It must be donated to charity
- 5. How often must a real estate license in Montana be renewed?**
 - A. Every year
 - B. Every two years
 - C. Every three years
 - D. Every five years

- 6. What document must licensees provide to each party in a transaction?**
- A. Contract for sale
 - B. Relationship disclosure form
 - C. Property appraisal
 - D. Financing agreement
- 7. What is the significance of the Montana Residential Landlord and Tenant Act?**
- A. It serves as a historical document related to real estate
 - B. It outlines the rights and responsibilities of landlords and tenants in Montana
 - C. It provides financial assistance for housing
 - D. It regulates housing prices in the state
- 8. Which of the following must real estate agents ensure during their practice?**
- A. High sales performance
 - B. The protection of public interests against fraud
 - C. Low commission rates
 - D. Exclusive client representation
- 9. What happens when a licensee is put on probation by the Board?**
- A. The license is immediately revoked
 - B. They continue operating without any restrictions
 - C. They must comply with specific conditions
 - D. They can manage properties without a license
- 10. What is the maximum amount of time a sales associate can work independently in Montana?**
- A. They can work up to one month independently
 - B. They cannot work independently; they must always operate under a broker
 - C. They can work independently for up to six months
 - D. They can work independently without a limit

Answers

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

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Explanations

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1. What will happen if a broker uses the trust account funds for personal expenses?

- A. There will be no consequences
- B. They may face a license suspension**
- C. The broker's license will be automatically renewed
- D. They will incur additional fees

When a broker uses trust account funds for personal expenses, it is a serious violation of the fiduciary duty they owe to their clients. Trust accounts are specifically designed to hold clients' funds in a safe and separate manner, ensuring that those funds are used exclusively for their intended purpose, such as paying for closing costs, deposits, or other transaction-related expenses. Misusing these funds can be viewed as a breach of trust, which not only jeopardizes the broker's ethical standing but also their legal compliance. As a result, regulatory bodies that oversee real estate practices typically impose severe consequences for such actions. A broker may indeed face license suspension as a disciplinary measure. This step is taken to protect the integrity of the profession and ensure that practitioners adhere to professionalism and ethical standards. In some cases, there may be additional repercussions, including potential legal action or fines, further emphasizing the seriousness of this misconduct. Such measures reinforce the importance of maintaining accurate records and using trust accounts solely for their designated purposes.

2. What does being a 'REALTOR®' signify?

- A. A certified property appraiser
- B. A member of the National Association of REALTORS®**
- C. A government official in real estate
- D. A real estate agent with no professional ethics

Being a 'REALTOR®' signifies membership in the National Association of REALTORS® (NAR), which is a trade organization for real estate professionals. This designation indicates that the individual adheres to the association's strict Code of Ethics and standards of practice, which promotes professionalism and integrity within the real estate industry. Members of NAR gain access to valuable resources, training, and networking opportunities that help them serve their clients better and stay informed on industry trends and regulations. The distinction of being a REALTOR® is significant as it reflects a commitment to ethical business practices and ongoing professional development, setting these members apart from those who may not uphold such a code. This designation benefits both the professionals and their clients, as it promotes trust in real estate transactions.

3. What is the legal term for the process of transferring ownership of property from one party to another?

- A. Title transfer
- B. Deed execution
- C. Conveyance**
- D. Assignment

The term "conveyance" refers specifically to the legal process of transferring ownership of property from one party to another. This process involves a formal execution of documents, most commonly a deed, that articulates the transfer of title and provides a legal record of the change in ownership. Conveyance includes not only the act of conveying the property itself but also the legal rights and liabilities associated with ownership. While "title transfer" might seem like an appropriate choice, it is a broader term that encompasses various aspects of transferring ownership, including the conveyance process. "Deed execution" is part of this process since executing a deed is a critical step in conveying property, but it does not capture the entire legal concept. "Assignment" is primarily used in the context of transferring rights related to a lease or contract, rather than ownership of real property. Conveyance is thus the most accurate and encompassing legal term regarding the transfer of ownership in real estate, making it the correct answer.

4. What happens to a tenant's security deposit if they do not follow the lease terms?

- A. It is returned fully
- B. It may be partially or fully withheld**
- C. It is kept as a penalty
- D. It must be donated to charity

When a tenant does not adhere to the terms of their lease, the landlord has the right to withhold part or all of the security deposit. This action is typically justified if the tenant damages the property beyond normal wear and tear, fails to pay rent, or otherwise violates the terms of the lease agreement. The purpose of the security deposit is to protect the landlord from financial loss due to such violations. If the lease terms are breached, the landlord can assess the extent of the violation and determine how much of the deposit, if any, should be retained. This withholding serves as a form of financial security for the landlord and ensures that they can address any necessary repairs or lost income due to the tenant's failure to comply with the lease. Options that suggest the deposit is returned fully or held as a penalty misrepresent the legal framework surrounding security deposits. Additionally, the idea of donating it to charity is not a practice supported by law and diverts from the purpose of the deposit, which is to protect the landlord's interests while providing a financial safety net for tenant liabilities.

5. How often must a real estate license in Montana be renewed?

- A. Every year
- B. Every two years**
- C. Every three years
- D. Every five years

In Montana, a real estate license must be renewed every two years. This renewal process is essential as it helps ensure that real estate professionals remain up-to-date with the latest laws, regulations, and practices within the industry. The two-year renewal cycle requires licensees to complete continuing education requirements to promote ongoing professional development and to ensure they are providing knowledgeable service to their clients. This periodic renewal also helps maintain standards within the real estate profession, as it encourages practitioners to stay informed about changes in real estate laws, market conditions, and ethical obligations. Having a structured renewal period reinforces the importance of competence and accountability in real estate transactions, ultimately benefiting consumers and the industry as a whole.

6. What document must licensees provide to each party in a transaction?

- A. Contract for sale
- B. Relationship disclosure form**
- C. Property appraisal
- D. Financing agreement

The relationship disclosure form is a crucial document that licensees must provide to each party involved in a real estate transaction. This form serves to clarify the nature of the relationship between the licensee and the parties, ensuring that all involved are aware of the rights and obligations that come with that relationship. It establishes whether the licensee is representing the buyer, the seller, or both, and helps to maintain transparency throughout the transaction process. By providing this form, the licensee ensures that all parties understand the level of fiduciary responsibility the licensee has towards them. This is vital for building trust and ensuring ethical compliance in real estate practices. It also protects the licensee by documenting the provided disclosures, which can help mitigate potential disputes later in the transaction. The other documents listed, while important in real estate dealings, do not carry the same requirement for disclosure to all parties in a transaction. For instance, a contract for sale is specific to the terms of the agreement related to the sale itself, a property appraisal is an assessment of the value of the property, and a financing agreement pertains specifically to the terms under which the buyer will be obtaining funds to purchase the property. None of these documents fulfill the critical role of outlining the relationship between the parties and the license

7. What is the significance of the Montana Residential Landlord and Tenant Act?

- A. It serves as a historical document related to real estate
- B. It outlines the rights and responsibilities of landlords and tenants in Montana**
- C. It provides financial assistance for housing
- D. It regulates housing prices in the state

The Montana Residential Landlord and Tenant Act is crucial because it defines the legal framework governing the rental relationship between landlords and tenants within the state. This act outlines the rights and responsibilities of both parties, ensuring clarity and fairness in rental agreements. It establishes rules regarding lease agreements, security deposits, maintenance obligations, notice periods for terminating leases, and procedures for dealing with disputes. By detailing these aspects, the act aims to protect both landlords and tenants, fostering a balanced rental market. This legal framework also helps in resolving conflicts that may arise during the tenancy, thereby supporting a stable housing environment. The other options do not accurately capture the primary purpose of this legislation; it is not merely historical, nor does it offer financial assistance or regulate housing prices. Instead, it focuses on the relationship dynamics between landlords and tenants, which is essential for maintaining a fair rental market in Montana.

8. Which of the following must real estate agents ensure during their practice?

- A. High sales performance
- B. The protection of public interests against fraud**
- C. Low commission rates
- D. Exclusive client representation

Real estate agents have a fundamental responsibility to protect the public interest against fraud. This obligation is rooted in the ethical standards and legal requirements that govern the real estate profession. Agents must ensure that their practices are transparent and honest, and that they act in good faith when representing clients. This means actively safeguarding clients and the public from misleading information, deceptive practices, and any potential risks associated with real estate transactions. By focusing on protecting public interests, agents contribute to maintaining trust in the real estate market and upholding the integrity of the profession. While high sales performance, low commission rates, and exclusive client representation can be important aspects of an agent's business strategy, they do not take precedence over the ethical obligation to prevent fraud and protect consumers.

9. What happens when a licensee is put on probation by the Board?

- A. The license is immediately revoked
- B. They continue operating without any restrictions
- C. They must comply with specific conditions**
- D. They can manage properties without a license

When a licensee is placed on probation by the Board, it signifies that the licensee can continue to engage in their real estate activities, but they must adhere to specific conditions set by the Board. These conditions are typically designed to address any concerns that led to the probation status and ensure compliance with laws and regulations governing real estate practices. The probationary period allows the licensee to demonstrate that they can meet these conditions, often including more frequent reporting to the Board, completion of additional training or education, or adherence to a stricter code of practice. By complying with the stipulated conditions, the licensee has an opportunity to rectify their situation and potentially avoid further disciplinary action. This nuanced approach reflects a focus on rehabilitation and accountability rather than immediate punishment, allowing the licensee to maintain their business activities while also addressing any issues.

10. What is the maximum amount of time a sales associate can work independently in Montana?

- A. They can work up to one month independently
- B. They cannot work independently; they must always operate under a broker**
- C. They can work independently for up to six months
- D. They can work independently without a limit

In Montana, a sales associate is not allowed to operate independently; they must always work under the supervision of a licensed broker. This requirement is in place to ensure that real estate transactions are managed by a qualified professional who holds the appropriate licensing and credentials to protect the interests of the clients and the integrity of the profession. Allowing sales associates to operate independently could lead to a lack of oversight in transactions, which could expose consumers to risks and misinformation. Thus, the law clearly establishes that sales associates must conduct their business under a broker's supervision at all times, reinforcing the importance of having experienced guidance in the real estate market. The other options reflect misunderstood or inaccurate interpretations of the regulations governing real estate practices in Montana.

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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