

North Dakota Real Estate Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. Which of the following individuals is excluded from the definition of a real estate broker or salesperson?**
 - A. A bank employee managing property for the bank**
 - B. A real estate auctioneer selling through advertisements**
 - C. A licensed property manager**
 - D. All of the above**

- 2. Which section of the law covers license standards for real estate licenses?**
 - A. 43-23-08**
 - B. 43-24-10**
 - C. 43-22-03**
 - D. 43-23-05**

- 3. Which factor is included in determining property value?**
 - A. The age of the owner**
 - B. Location and market demand**
 - C. Personal belongings of the seller**
 - D. The history of the property owner**

- 4. In which situation would disclosed dual agency apply?**
 - A. When two agents represent the same client**
 - B. When an agent represents both buyer and seller with consent**
 - C. When the seller has multiple buyers**
 - D. When two different agencies are involved**

- 5. Which of the following best defines "consideration" in a real estate contract?**
 - A. A detailed description of the property**
 - B. The dollar amount agreed upon for the transaction**
 - C. Any tangible or intangible value exchanged in the contract**
 - D. The timeframe for completing the sale**

- 6. What is an "offer to purchase"?**
- A. A verbal agreement to buy real estate**
 - B. A formal proposal made by a buyer to purchase real estate, including terms and conditions**
 - C. A preliminary inquiry about property availability**
 - D. A notice to vacate a property**
- 7. To apply for a broker license, an applicant must have been actively engaged as a salesperson for how long?**
- A. 1 year**
 - B. 2 years**
 - C. 3 years**
 - D. 5 years**
- 8. What are closing costs in a real estate transaction?**
- A. Fees for title insurance and legal assistance**
 - B. Fees associated with the sale transaction that must be paid at closing**
 - C. Costs related to home inspections only**
 - D. Expenses for marketing the property**
- 9. Is a broker required to maintain a definite place of business in North Dakota?**
- A. Yes**
 - B. No**
 - C. Only if they have clients**
 - D. Depends on the local regulations**
- 10. Which of the following is NOT a responsibility of the Real Estate Commission?**
- A. Submit reports to the governor**
 - B. Issue real estate licenses**
 - C. Manage real estate transactions**
 - D. Maintain records**

Answers

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

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Explanations

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1. Which of the following individuals is excluded from the definition of a real estate broker or salesperson?

- A. A bank employee managing property for the bank**
- B. A real estate auctioneer selling through advertisements**
- C. A licensed property manager**
- D. All of the above**

In real estate terminology, certain individuals are explicitly excluded from the definition of a real estate broker or salesperson based on the scope of their activities. A bank employee managing property for the bank is performing a function that is typically related to their employment rather than engaging in real estate transactions as an independent broker or salesperson. Such employees are not involved in the buying, selling, or leasing of real estate on behalf of others for a fee, which is the primary characteristic of a broker or salesperson. On the other hand, a real estate auctioneer involved in selling property is actively participating in brokerage activities, as they are representing sellers and helping to execute real estate transactions. Similarly, a licensed property manager manages rental properties and can collect rents, which also aligns with activities typical of a real estate broker or salesperson. Therefore, both the auctioneer and the property manager do not fit the criteria for exclusion as they engage in activities that are within the purview of real estate brokerage. This distinction clarifies why a bank employee managing property for the bank stands alone in being excluded from the definition of a real estate broker or salesperson.

2. Which section of the law covers license standards for real estate licenses?

- A. 43-23-08**
- B. 43-24-10**
- C. 43-22-03**
- D. 43-23-05**

The section of the law that specifically outlines the license standards for real estate licenses is 43-23-08. This section provides the regulatory framework and criteria that individuals must meet to obtain and maintain their real estate licenses in North Dakota. It typically includes information on educational requirements, examinations, and other qualifications necessary for licensure. Understanding this section is crucial for anyone involved in real estate activities in North Dakota, as it establishes the minimum standards that ensure real estate professionals are qualified to operate in the market, thereby protecting both the consumers and the industry. The inclusion of such guidelines is vital for maintaining the integrity and professionalism of real estate practices within the state.

3. Which factor is included in determining property value?

- A. The age of the owner
- B. Location and market demand**
- C. Personal belongings of the seller
- D. The history of the property owner

Location and market demand are critical factors in determining property value because they directly influence how attractive a property is to potential buyers. The location encompasses various aspects such as the neighborhood, proximity to schools, shopping centers, transportation, and overall community characteristics, which can make a property more desirable. Market demand reflects the current trends in buying and selling real estate, including supply levels, buyer preferences, and economic factors that drive demand. When these elements are favorable, they can significantly increase a property's value. Conversely, a location that is less desirable or impacted by adverse market conditions can lead to lower property values. This dynamic interplay between location and market demand is pivotal in real estate valuation, making it an essential consideration for real estate professionals and buyers alike. Other factors, such as the age of the owner, personal belongings of the seller, and the history of the property owner, do not have a direct impact on the property value itself. They may influence context or perception, but ultimately, the valuation is rooted in tangible, external attributes like location and market trends.

4. In which situation would disclosed dual agency apply?

- A. When two agents represent the same client
- B. When an agent represents both buyer and seller with consent**
- C. When the seller has multiple buyers
- D. When two different agencies are involved

Disclosed dual agency applies when an agent represents both the buyer and the seller in a transaction, but only with the informed consent of both parties. In this arrangement, the agent must fully disclose their dual role and any potential conflicts of interest to ensure that both the buyer and seller are aware of the situation and agree to the agent's dual representation. This dual agency scenario helps facilitate the transaction while maintaining trust and transparency between all parties involved. In contrast, other scenarios described do not embody the principle of disclosed dual agency. For instance, when two agents represent the same client, that situation describes a single agency relationship rather than dual agency, as it involves one party only and does not include both sides of a transaction. When a seller has multiple buyers, there is no representation of both parties by the same agent, thus not fulfilling the requirements of dual agency. Lastly, when two different agencies are involved, this typically indicates separate representation for the buyer and the seller, which again does not constitute dual agency as one agent is not representing both sides in the same transaction.

5. Which of the following best defines "consideration" in a real estate contract?
- A. A detailed description of the property
 - B. The dollar amount agreed upon for the transaction
 - C. Any tangible or intangible value exchanged in the contract**
 - D. The timeframe for completing the sale

In real estate contracts, "consideration" refers to any tangible or intangible value exchanged between parties. This encompasses not just the purchase price or monetary amounts but can also include other forms of value, such as services or promises made by one party to another. Depending on the context, consideration can exist in various forms, which helps to validate the contract as a legally binding agreement. For example, in a transaction, the buyer's promise to pay a certain amount of money is one form of consideration, while the seller's promise to transfer ownership of the property serves as the corresponding consideration. While the dollar amount agreed upon for the transaction is a specific type of consideration, it does not encompass the broader definition that includes all forms of value exchanged. Similarly, a detailed description of the property or the timeframe for completing the sale are important aspects of a contract, but they do not define consideration itself as the value exchanged.

6. What is an "offer to purchase"?
- A. A verbal agreement to buy real estate
 - B. A formal proposal made by a buyer to purchase real estate, including terms and conditions**
 - C. A preliminary inquiry about property availability
 - D. A notice to vacate a property

An "offer to purchase" is a formal proposal made by a buyer indicating their intent to buy real estate, and it includes specific terms and conditions associated with the purchase. This document is crucial in real estate transactions as it outlines the price the buyer is willing to pay, the financing terms, contingencies such as inspections or appraisals, and other relevant details that guide the transaction process. Such a proposal signifies a concrete step in the purchasing process, moving beyond casual conversations or inquiries about the property. It typically requires acceptance from the seller to form a binding contract, reflecting the seriousness and legal implications of the buyer's intent. In contrast, other options provided reflect different concepts in real estate that do not hold the same formal status as an offer to purchase. A verbal agreement does not create a legally binding commitment, while a preliminary inquiry about property availability is merely a question and does not express intent to purchase. A notice to vacate serves an entirely different function relating to tenants rather than a purchasing agreement in real estate transactions.

7. To apply for a broker license, an applicant must have been actively engaged as a salesperson for how long?

- A. 1 year
- B. 2 years**
- C. 3 years
- D. 5 years

In North Dakota, the requirement for an applicant to have been actively engaged as a salesperson for a duration of two years before applying for a broker license aligns with the fundamental goal of ensuring that prospective brokers possess adequate experience and knowledge in the real estate field. This two-year period allows individuals to gain a comprehensive understanding of the various aspects of real estate transactions, including contracts, property management, and market dynamics. Having this base of experience not only helps the broker to navigate the complexities of real estate but also prepares them to better serve clients, manage a team, and handle the regulatory aspects of the profession. This requirement reflects the licensing authority's focus on maintaining a standard level of competence among those who are permitted to operate at a higher level in the real estate industry.

8. What are closing costs in a real estate transaction?

- A. Fees for title insurance and legal assistance
- B. Fees associated with the sale transaction that must be paid at closing**
- C. Costs related to home inspections only
- D. Expenses for marketing the property

Closing costs in a real estate transaction encompass a variety of fees that are incurred during the process of finalizing a property sale. These costs typically include, but are not limited to, appraisal fees, title insurance, loan origination fees, recording fees, and prepaid items like property taxes and homeowners insurance. The significance of these costs is that they need to be paid at the closing table, which is the final step in the transaction where ownership is officially transferred. Therefore, understanding that closing costs are a collective term for all necessary fees incurred during the transaction is crucial. The other options focus too narrowly on specific types of costs (like only title insurance or only home inspections), which do not encapsulate the complete range of expenses covered under closing costs in a transaction. This broader scope is what distinguishes the correct answer from the others.

9. Is a broker required to maintain a definite place of business in North Dakota?

- A. Yes**
- B. No**
- C. Only if they have clients**
- D. Depends on the local regulations**

In North Dakota, a broker is indeed required to maintain a definite place of business. This regulation ensures that there is a physical location where the broker can conduct real estate transactions, meet with clients, and keep necessary records. Having a designated business location contributes to the legitimacy and accountability of the broker's operations, providing a point of contact for clients and the public. This requirement helps regulatory bodies to ensure compliance with real estate laws and provides a stable environment for business activities. A definite place of business can enhance the trustworthiness of the broker in the eyes of clients and the community. The necessity of a physical office is essential in establishing a professional presence and facilitating effective communication and service delivery in the real estate market.

10. Which of the following is NOT a responsibility of the Real Estate Commission?

- A. Submit reports to the governor**
- B. Issue real estate licenses**
- C. Manage real estate transactions**
- D. Maintain records**

To understand why "Manage real estate transactions" is not a responsibility of the Real Estate Commission, it's essential to recognize the role of the Commission. The Real Estate Commission primarily oversees the licensing and regulation of real estate professionals to ensure that they comply with state laws and regulations. This includes issuing real estate licenses, submitting reports to the governor about the state of the industry, and maintaining accurate records of licensed individuals and transactions to support regulatory functions. However, managing real estate transactions is typically the responsibility of individual real estate agents, brokers, and firms. These professionals are directly involved in the buying, selling, and leasing of properties, handling the details of transactions on the ground level. The Commission does not engage in these transactions but rather creates the regulatory framework within which real estate professionals operate. This separation ensures that the Commission can maintain its impartiality and focus on licensing and compliance rather than the day-to-day operations of real estate dealings.

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://northdakota-realestate.examzify.com>

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