

North Dakota 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

- 1. What documentation is required when filing a claim against the Real Estate fund?**
 - A. A sales contract**
 - B. Invoices and receipts**
 - C. A judgment from a court**
 - D. Listing agreements**
- 2. What is the purpose of an escrow account in real estate?**
 - A. To hold funds temporarily until the transaction terms are fulfilled**
 - B. To store documents related to the sale process**
 - C. To manage rental payments for tenants**
 - D. To assess the property's value before selling**
- 3. What is a real estate purchase agreement?**
 - A. A rental contract for leasing property**
 - B. A document outlining terms for the sale of real property**
 - C. A verbal agreement between buyer and seller**
 - D. A legal form for property evaluation**
- 4. 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**
- 5. In North Dakota, which of the following accurately defines 'subdivided lands'?**
 - A. Areas for single-family homes**
 - B. Land offered as part of a common promotional plan**
 - C. Land in urban settings**
 - D. Commercial properties only**

- 6. How many partners need to be actively engaged as real estate agents for a company to hold a real estate license?**
- A. None**
 - B. One person**
 - C. Two persons**
 - D. Three persons**
- 7. What amount can a broker keep specifically identified to cover service-related costs in a trust account?**
- A. \$200**
 - B. \$300**
 - C. \$500**
 - D. \$1000**
- 8. What is the minimum age requirement for an applicant for a broker's or salesperson's license?**
- A. 16 years**
 - B. 18 years**
 - C. 21 years**
 - D. 25 years**
- 9. What does "market value" refer to in real estate?**
- A. The price a property would be assessed at for tax purposes**
 - B. The price a property would sell for on the open market based on supply and demand**
 - C. The average price of similar properties in the area**
 - D. The price determined by a professional appraiser**
- 10. What type of company is exempt from being classified as a real estate brokerage firm?**
- A. Any corporation selling its own real estate**
 - B. Any contractor managing rental properties**
 - C. Any partnership engaged in real estate sales**
 - D. Any business providing temporary housing**

Answers

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

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Explanations

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1. What documentation is required when filing a claim against the Real Estate fund?

- A. A sales contract**
- B. Invoices and receipts**
- C. A judgment from a court**
- D. Listing agreements**

When filing a claim against the Real Estate fund in North Dakota, the required documentation is a judgment from a court of law. This is essential because the purpose of the Real Estate fund is to provide financial protection to consumers who have suffered a loss due to a licensee's unprofessional conduct or fraud in a real estate transaction. The judgment serves as evidence that a legal decision has been made in favor of the claimant, thereby justifying the claim against the fund. Other types of documentation mentioned, such as a sales contract, invoices and receipts, or listing agreements, are not sufficient on their own to support a claim against the Real Estate fund. These documents may be part of the transaction that led to the dispute, but without a court judgment that confirms the liability of the real estate professional, the claim cannot be processed. This requirement helps ensure that claims are legitimate and have been formally adjudicated before access to fund resources is granted.

2. What is the purpose of an escrow account in real estate?

- A. To hold funds temporarily until the transaction terms are fulfilled**
- B. To store documents related to the sale process**
- C. To manage rental payments for tenants**
- D. To assess the property's value before selling**

The purpose of an escrow account in real estate is to hold funds temporarily until the transaction terms are met. When a buyer makes an offer on a property, a portion of the purchase price is typically deposited into an escrow account. This ensures that the seller is protected and that the buyer has a financial stake in completing the transaction. The funds remain in escrow until all conditions of the sale, such as inspections, financing, and other contractual obligations, have been fulfilled. Once these conditions are satisfied, the funds are released to the seller, completing the transaction. This mechanism helps to secure the interests of both the buyer and seller and provides a level of assurance that the deal will proceed according to the agreed terms. In contrast, the other options do not align with the primary function of an escrow account, which purely focuses on holding funds until the completion of the sale.

3. What is a real estate purchase agreement?

- A. A rental contract for leasing property
- B. A document outlining terms for the sale of real property**
- C. A verbal agreement between buyer and seller
- D. A legal form for property evaluation

A real estate purchase agreement is essentially a legally binding document that outlines the terms and conditions under which a property will be sold. This agreement includes critical details such as the purchase price, the closing date, contingencies (like financing or inspections), and any other specific terms both the buyer and seller have agreed upon. This document serves to protect both parties by clearly stating the expectations and responsibilities involved in the transaction. By providing a written record of the agreement, it helps to minimize disputes and misunderstandings that can arise during the buying process. The formal nature of this agreement distinguishes it from other options, such as rental contracts or verbal agreements, which do not typically encapsulate the comprehensive terms of a property sale.

4. 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.

5. In North Dakota, which of the following accurately defines 'subdivided lands'?

A. Areas for single-family homes

B. Land offered as part of a common promotional plan

C. Land in urban settings

D. Commercial properties only

The term 'subdivided lands' in North Dakota is best defined as land offered as part of a common promotional plan. This definition encompasses the concept that subdivided lands are typically a portion of a larger tract of land that has been divided into smaller parcels for various purposes, often to be marketed or sold as individual lots in a way that highlights the overall development plan or theme. This definition is significant because it captures the essence of real estate development, where multiple individual sales are linked by a shared marketing strategy, whether for residential, commercial, or mixed-use purposes. It distinguishes subdivided lands from areas designed for single-family homes exclusively or land simply classified by its setting or commercial status. Subdivision is not limited by the type of property, so other contexts like urban settings or solely commercial properties do not fully express the broader scope captured by a common promotional plan.

6. How many partners need to be actively engaged as real estate agents for a company to hold a real estate license?

A. None

B. One person

C. Two persons

D. Three persons

A real estate company must have at least one individual actively engaged as a real estate agent in order to qualify for a real estate license. This individual is often designated as the qualifying broker or managing broker, and their active involvement ensures that the company meets the regulatory requirements set forth by state laws. Having a single active agent is sufficient because this person is responsible for overseeing the real estate transactions and compliance with legal obligations. The presence of a licensed real estate agent ensures that the company's operations are conducted in accordance with the state's real estate laws and regulations, which is crucial for maintaining the integrity and professionalism of the industry. Other options imply a requirement for multiple agents to be actively engaged, which is not necessary under the current licensing laws. Therefore, the most minimal and correct answer is that only one person needs to be actively engaged as a real estate agent for the company to hold a valid real estate license.

7. What amount can a broker keep specifically identified to cover service-related costs in a trust account?

- A. \$200
- B. \$300
- C. \$500**
- D. \$1000

The correct amount that a broker can retain in a trust account for service-related costs is \$500. This limit serves as a guideline to maintain a clear distinction between client funds and the broker's own funds. The purpose of this rule is to ensure that trust accounts primarily contain money belonging to clients, providing transparency and protecting clients' interests. Allowing brokers to keep a specified amount in the trust account helps address minor expenses associated with managing that account, such as bank fees and specific operational costs related to the services provided to clients. By setting the limit at \$500, the regulations aim to minimize the risk of commingling client funds with personal or business funds, which is a vital aspect of ethical real estate practice. This understanding is crucial for real estate professionals in North Dakota, as it ensures compliance with state regulations while promoting accountability and trust in real estate transactions.

8. What is the minimum age requirement for an applicant for a broker's or salesperson's license?

- A. 16 years
- B. 18 years**
- C. 21 years
- D. 25 years

In North Dakota, the minimum age requirement for an applicant seeking a broker's or salesperson's license is 18 years. This law is in place to ensure that individuals entering the real estate profession possess a certain level of maturity and legal standing to engage in business transactions, which often involve significant financial responsibilities and legal obligations. Being 18 years old is also consistent with the age at which individuals gain the legal status of adulthood in many jurisdictions, enabling them to enter into contracts, sue or be sued, and take on the responsibilities that come with being licensed professionals. Understanding this age requirement is crucial for anyone preparing to enter the real estate field in North Dakota, as it also reflects a broader standard seen across various states. Other age options, such as 16, 21, or 25, do not align with the regulations governing licensure in this context. It's important for prospective real estate professionals to be aware of such requirements as part of their preparation for obtaining a license.

9. What does "market value" refer to in real estate?

- A. The price a property would be assessed at for tax purposes**
- B. The price a property would sell for on the open market based on supply and demand**
- C. The average price of similar properties in the area**
- D. The price determined by a professional appraiser**

"Market value" in real estate refers specifically to the price a property would sell for on the open market, determined by the forces of supply and demand. This concept embodies the idea that in a competitive market, the final selling price will be a reflection of what buyers are willing to pay and what sellers are willing to accept at any given time. Various factors influence this balance, including location, property condition, market trends, and the economic environment. While assessed value is typically linked to property taxes and can differ from market value, it doesn't capture the nuances of current market conditions. Similarly, the average price of similar properties, while informative, may not represent the individual property's specific market value due to unique attributes or circumstances. Lastly, while professional appraisals can provide a valuation based on market data, they are often conducted for specific purposes and may not reflect immediate market fluctuations. Therefore, understanding that market value is primarily dictated by buyer and seller interactions in the open market is crucial for anyone involved in real estate transactions.

10. What type of company is exempt from being classified as a real estate brokerage firm?

- A. Any corporation selling its own real estate**
- B. Any contractor managing rental properties**
- C. Any partnership engaged in real estate sales**
- D. Any business providing temporary housing**

A corporation that sells its own real estate is considered exempt from being classified as a real estate brokerage firm because it is not acting as an intermediary for the transaction of real estate owned by others. Instead, it is handling its own property transactions. This means that the entity is not engaging in the business of bringing buyers and sellers together for a fee or commission, which is the primary function of a real estate brokerage. In contrast, a contractor managing rental properties is typically involved in the leasing or rental process, which may require a real estate license. Similarly, a partnership engaged in real estate sales is actively involved in selling properties, thus functioning as a brokerage. Lastly, a business providing temporary housing may also need to navigate regulations and licensing as it deals with the rental of properties, which again aligns more closely with brokerage activities. Therefore, the corporation selling its own real estate remains distinct in its operations and thus enjoys this exemption.

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!