

# South Dakota Real Estate Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

# 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. Which of the following advertising practices is lawful under South Dakota law?**
  - A. A flashy ad that promises the lowest prices**
  - B. A website stating a salesperson represents buyers in their property search**
  - C. Advertising a property with an undisclosed commission rate**
  - D. An ad that only lists the agent's personal number**
- 2. What consequence does a licensee face upon payment from the recovery fund?**
  - A. They are prohibited from practicing real estate for 5 years**
  - B. The full amount paid must be reimbursed with interest**
  - C. The licensee can continue practicing with no penalties**
  - D. They must pay a fine to the state**
- 3. Which factor is considered in determining the real estate tax amount?**
  - A. The zoning classification of the property**
  - B. The assessed valuation of the property**
  - C. The number of owners associated with the property**
  - D. The neighborhood demographics of the property**
- 4. If a seller wishes to give a vacation gift to a salesperson upon the sale of the property, what must happen according to regulations?**
  - A. The gift can be given directly to the salesperson**
  - B. The broker must receive the gift first**
  - C. The gift is illegal and cannot be given**
  - D. All gifts must be reported to the Commission**
- 5. What defines the legal priority of mortgages in relation to the date they are recorded?**
  - A. The date of the contract signing**
  - B. The date of property purchase**
  - C. The date the mortgage is recorded**
  - D. The amount of the loan**

- 6. When is it appropriate for a broker to disclose their relationship with a buyer or seller?**
- A. Only when asked by the client**
  - B. At the beginning of the first meeting**
  - C. During contract negotiations**
  - D. Once a sale is imminent**
- 7. How often must South Dakota properties be reassessed for tax purposes?**
- A. Every year**
  - B. Every two years**
  - C. Every five years**
  - D. Every ten years**
- 8. What is required in advertisements for real property by licensees?**
- A. The price of the property only**
  - B. The location of the property only**
  - C. The licensee's contact number only**
  - D. The name of the real estate firm associated with the licensee**
- 9. Which of the following is not exempt from the South Dakota real estate transfer fee?**
- A. Property transferred to an individual who is head of household and 65 years of age or older**
  - B. Property transferred as a gift between family members**
  - C. Property acquired by governmental entities**
  - D. Property transferred in a foreclosure action**
- 10. Which notification is NOT required for a broker to file with a state regulatory agency?**
- A. Change in the brokerage's management**
  - B. Notification of a new listing agreement**
  - C. Changes to office procedures**
  - D. Clarification of commission structures**



## **Answers**

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

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## **Explanations**

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**1. Which of the following advertising practices is lawful under South Dakota law?**

- A. A flashy ad that promises the lowest prices**
- B. A website stating a salesperson represents buyers in their property search**
- C. Advertising a property with an undisclosed commission rate**
- D. An ad that only lists the agent's personal number**

The advertising practice that is deemed lawful under South Dakota law involves a website stating that a salesperson represents buyers in their property search. This aligns with transparency and ethical standards in real estate advertising. It clearly communicates the role of the salesperson, which helps potential clients understand what services are being offered and establishes a professional relationship built on trust. Advertising that focuses solely on the agent's personal number may not provide sufficient information about the services offered, while flashy ads that make promises about the lowest prices can be misleading and may violate regulations concerning truthful advertising. Lastly, advertising a property with an undisclosed commission rate can lead to misunderstandings about the costs associated with buying or selling the property, which is also considered unlawful in the context of fair and honest real estate practices. Therefore, the option that clearly states the nature of the relationship between the salesperson and potential buyers adheres to the appropriate legal standards in South Dakota.

**2. What consequence does a licensee face upon payment from the recovery fund?**

- A. They are prohibited from practicing real estate for 5 years**
- B. The full amount paid must be reimbursed with interest**
- C. The licensee can continue practicing with no penalties**
- D. They must pay a fine to the state**

When a licensee receives payment from the recovery fund, they are required to fully reimburse the amount paid out, along with any applicable interest. This policy is in place to ensure accountability and financial responsibility among real estate professionals. The recovery fund is designed to protect consumers from losses due to the unlawful acts of licensed real estate professionals. Therefore, if a licensee's actions lead to a claim against the recovery fund, they must restore the fund back to its original state by repaying the full amount along with interest, reinforcing the idea that they are financially liable for their professional conduct. This reimbursement requirement also serves to emphasize the importance of ethical behavior in the real estate industry, as it places a personal financial obligation on the licensee to make clients whole if they have suffered losses due to the licensee's misconduct.

**3. Which factor is considered in determining the real estate tax amount?**

- A. The zoning classification of the property**
- B. The assessed valuation of the property**
- C. The number of owners associated with the property**
- D. The neighborhood demographics of the property**

The assessed valuation of the property is a critical component in determining the real estate tax amount. This valuation is conducted by local government assessors and reflects the estimated worth of the property based on various factors such as market conditions, property size, and improvements made to the property. Real estate taxes are primarily calculated by applying a tax rate to the assessed value. The higher the assessed valuation, the greater the tax amount, making it essential for property owners to understand how this valuation is determined and the implications it has for their tax liability. While other factors, such as zoning classifications or neighborhood demographics, may influence property values or community planning, they do not directly affect the tax calculation itself in the same way that the assessed valuation does. The number of owners, although relevant to property ownership, does not play a role in establishing the tax amount.

**4. If a seller wishes to give a vacation gift to a salesperson upon the sale of the property, what must happen according to regulations?**

- A. The gift can be given directly to the salesperson**
- B. The broker must receive the gift first**
- C. The gift is illegal and cannot be given**
- D. All gifts must be reported to the Commission**

According to South Dakota real estate regulations, if a seller wishes to give a vacation gift or any type of gift to a salesperson upon the sale of a property, the correct procedure is that the broker must receive the gift first. This requirement is in place to maintain transparency and ensure that all transactions adhere to regulatory standards. The rationale behind this rule is to prevent any potential conflicts of interest or unethical practices. By directing gifts through the broker, it allows for proper documentation and accountability within the real estate transaction. This process protects all parties involved, including the seller, the salesperson, and the brokerage, by ensuring that the gift is recognized and recorded appropriately. This regulation helps reinforce the trust and ethical considerations essential in real estate transactions, fostering professionalism within the industry. It is crucial to understand these regulations to comply with legal standards and maintain integrity in real estate practices.

**5. What defines the legal priority of mortgages in relation to the date they are recorded?**

- A. The date of the contract signing**
- B. The date of property purchase**
- C. The date the mortgage is recorded**
- D. The amount of the loan**

The legal priority of mortgages is determined by the date the mortgage is recorded. This means that when multiple mortgages are placed on the same property, the order in which they are recorded establishes their priority in terms of claims against the property. The first mortgage recorded typically has the first lien position, meaning it takes precedence over subsequent mortgages in the event of foreclosure or payment default. This system of recording ensures transparency and provides a clear chain of title, allowing potential buyers and lenders to assess the status of current liens against the property. Other dates, such as the date of the contract signing or the date of property purchase, are not relevant to the determination of the mortgage's priority in relation to other mortgages. The amount of the loan does not influence its position either; it is strictly the recording date that dictates the hierarchy of claims. Thus, understanding the importance of recording dates is crucial for real estate transactions and protecting the interests of lenders and property owners alike.

**6. When is it appropriate for a broker to disclose their relationship with a buyer or seller?**

- A. Only when asked by the client**
- B. At the beginning of the first meeting**
- C. During contract negotiations**
- D. Once a sale is imminent**

Disclosing the relationship between a broker and a buyer or seller at the beginning of the first meeting is crucial for establishing transparency and trust in the real estate transaction. This early disclosure allows all parties to understand the broker's role and any potential conflicts of interest. It sets the groundwork for a professional relationship and ensures that clients can make informed decisions based on the nature of the broker's engagement—whether representing the buyer, the seller, or acting as a dual agent. Initiating this conversation at the outset helps to prevent misunderstandings later in the transaction process and aligns with ethical standards in real estate, which prioritize clear communication and honesty. Without such disclosure, clients might later feel misled if they discover the broker's relationships or obligations were not fully communicated, which could jeopardize the trust necessary for a successful transaction.

**7. How often must South Dakota properties be reassessed for tax purposes?**

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

In South Dakota, properties are required to be reassessed for tax purposes every year. This annual reassessment ensures that property values are accurately reflected in the tax system and helps maintain equity in property taxation across differing properties and jurisdictions. Regular assessments allow for adjustments based on market conditions, developments, and changes in properties themselves, ensuring that taxpayers pay a fair share based on current property values. This practice aligns with the goal of assessing property to closely match its current fair market value, which is vital for effective tax administration.

**8. What is required in advertisements for real property by licensees?**

- A. The price of the property only**
- B. The location of the property only**
- C. The licensee's contact number only**
- D. The name of the real estate firm associated with the licensee**

In South Dakota, advertisements for real property by licensees must include the name of the real estate firm associated with the licensee. This requirement is in place to ensure that consumers can easily identify the brokerage responsible for the advertisement and have a point of contact if they need further information. Including the firm's name helps maintain a level of professionalism and transparency in real estate transactions, fostering trust between the public and licensed real estate professionals. While the price, location, and contact number of the property might be relevant pieces of information in an advertisement, they do not fulfill the regulatory requirements aimed at consumer protection and accountability. By prominently featuring the firm's name, the advertisement aligns with the legal standards set forth in real estate practice, ensuring that consumers can always trace back to the brokerage responsible for the listing. This not only helps in preventing potential misrepresentation but also enhances the overall credibility of the advertising practices within the industry.

**9. Which of the following is not exempt from the South Dakota real estate transfer fee?**

- A. Property transferred to an individual who is head of household and 65 years of age or older**
- B. Property transferred as a gift between family members**
- C. Property acquired by governmental entities**
- D. Property transferred in a foreclosure action**

The correct answer highlights that property transferred to an individual who is head of household and 65 years of age or older does not generally qualify for an exemption from the South Dakota real estate transfer fee. In South Dakota, the transfer fee is typically applied to most real estate transactions to ensure consistent funding for local infrastructure and public services. While exemptions exist for certain types of transfers, such as those involving gifts between family members, properties acquired by governmental entities, or transfers in the context of foreclosure actions—these scenarios are recognized as having specific circumstances that merit exemption. However, simply being over 65 years old or being the head of a household does not automatically exempt a property transfer from the fee; specific criteria must be met to qualify for any exemptions. Understanding this distinction is crucial as it reflects the state's intent to apply the transfer fee broadly while allowing for certain humanitarian exceptions. Familiarity with these rules aids real estate professionals in advising clients accurately and navigating local regulations effectively.

**10. Which notification is NOT required for a broker to file with a state regulatory agency?**

- A. Change in the brokerage's management**
- B. Notification of a new listing agreement**
- C. Changes to office procedures**
- D. Clarification of commission structures**

The correct response indicates that a broker is not required to notify a state regulatory agency about new listing agreements. This is due to the nature of listing agreements, which are agreements between the broker and the seller regarding the sale of property. While these agreements are essential for the functioning of a brokerage, they are typically considered internal business decisions and do not necessitate regulatory oversight. On the other hand, changes in the brokerage's management, modifications to office procedures, and clarifications of commission structures often have broader implications for compliance and business practices within the state's real estate regulations. Such changes can affect how the business operates and interacts with consumers and must often align with state laws and industry standards, hence requiring notification to the regulatory agency. This ensures that the brokerage maintains transparency and adheres to professional standards within the real estate market.



## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://sdrealestate.examzify.com>**

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