

DMV Certified Dealer Education since 1998

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Practice Examination for DMV Pre License Dealer Test

1. A dealer's license and special plates shall be automatically canceled if:
 - A. The dealer abandons the established place of business
 - B. The dealer fails to maintain an adequate bond
 - C. The board of equalization resale permit is suspended or canceled
 - D. All of the above

2. A dealer must affix to all vehicles offered for sale:
 - A. A federal trade commission buyers guide
 - B. A sign with the dealer name and with vehicle price
 - C. A statement of the condition of the vehicle
 - D. A dealer plate or license plate insert

3. Every retail dealer shall have a sign erected or posted at his place of business. The sign shall have a total size of not less than:
 - A. Five square feet
 - B. Thirty two square feet
 - C. Two square feet
 - D. Ten square feet

4. Each retail dealer is required to maintain a proper display area:
 - A. Only when the dealer has vehicles to sell
 - B. At all times
 - C. Only when the dealership is open
 - D. Only when the DMV inspector visits

5. A licensed dealer location must have all of the following except:
 - A. An office for the exclusive use of the dealer
 - B. Sign indicating the name and address of the dealer
 - C. Signs on all vehicle indicating the main location address
 - D. Display area large enough to display the types of vehicles being sold

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6. Should the dealer change the site or location of his established place of business, he shall notify the department:
 - A. Immediately
 - B. Within 10 days of the change.
 - C. Within 20 days of the change.
 - D. Within 30 days of the change.

7. The basic fee for transfer of ownership on a California registered vehicle is:
 - A. \$10
 - B. \$14
 - C. \$15
 - D. \$12

8. Any dealer who sells a vehicle when the title is branded “lemon law buyback “ shall provide a disclosure statement to the buyer:
 - A. Prior to the vehicle leaving the dealership
 - B. Prior to the sale of the vehicle
 - C. Only if the buyer requests a statement
 - D. Only if the buyer sees the branded title

9. It is legal to reset the odometer reading on a vehicle:
 - A. If you place additional miles on the odometer
 - B. If you don't know the true mileage and you post sticker
 - C. If you think you know the true mileage
 - D. It is never legal to reset the odometer reading

10. A dealer must, in writing, withdraw any advertisement of a vehicle that has been sold or withdrawn from sale within:
 - A. 72 hours
 - B. 24 hours
 - C. 36 hours
 - D. 48 hours

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11. A dealer may give a report of sale book to:
 - A. Another dealer who has run out of report of sale books
 - B. A person, not employed by the dealer, to operate the branch location
 - C. It is never legal to give a report of sale book to anyone
 - D. Another dealer who is going to sell a vehicle in your inventory at a shopping mall

12. An auto broker must also be licensed as a:
 - A. Lessor-retailer
 - B. Registration service
 - C. Dealer
 - D. Dismantler

13. A conditional sales contract is:
 - A. An agreement between a buyer and dealer where the dealer is going to locate a vehicle for a buyer
 - B. A form used by the dealer to report the sales tax due
 - C. A form used by the dealer to list transfers that are being submitted to DMV
 - D. An agreement between the buyer and dealer where a lien is create the vehicle and payments are made to a lienholder

14. If a dealer accepts a vehicle as a trade-in and later finds out it has been reported as stolen, which of the following will happen?
 - A. The vehicle is returned to the rightful owner
 - B. The dealer retains the vehicle and may sell it
 - C. The dealer retains the vehicle but pays the rightful owner trade in value
 - D. The dealer retains the vehicle but pays the rightful owner book value

15. Licensing requirements for a dealer's license in California are from:
 - A. The penal code
 - B. The vehicle code
 - C. The business and professions code
 - D. The health and safety code

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16. A dealer must include in all advertisements all of the following except:
- A. The total price of the vehicle
 - B. The color of the vehicle
 - C. The make of the vehicle
 - D. The vehicle identification number or license plate number
17. You may keep DMV licensing fees in excess of DMV fees paid to you.
- A. Only on cash transactions.
 - B. Only on financed transactions
 - C. Only on in house financed deals
 - D. You may never keep any excess DMV fees paid to you
18. Which employees of dealership must be licensed as a DMV vehicle salesperson?
- A. Salespersons
 - B. Sales managers
 - C. Finance managers
 - D. All of the above
19. All the agreements of the buyer and seller with respect to the total cost and terms of payment must be contained in a single document. That document is:
- A. The federal buyers guide
 - B. The conditional sales contract
 - C. The credit application
 - D. The vehicle report of sale form
20. Which legal actions may be taken against a dealer if they violate the laws, rules and regulations related to their licensed activity?
- A. Administrative action
 - B. Criminal action
 - C. Civil action
 - D. All of the above

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21. Within 20 days after the sale of a consigned vehicle the dealer must notify the consigner of:
- A. The date of sale
 - B. The amount of any lien payable to the lienholder
 - C. The total sales price
 - D. All of the above
22. A California law does not provide an included “cooling off “period or other cancellation period for vehicle sales. The only exception is:
- A. The buyer has found the same vehicle elsewhere for less money
 - B. For legal cause such as fraud or with the agreement of the seller
 - C. The buyer changed his/her mind and wants a different vehicle
 - D. None of the above
23. As the selling dealer, you may allow the customer to take the vehicle to get their own smog certificate:
- A. If the customer is moving out of state
 - B. If the vehicle is currently registered
 - C. If it is a condition of the contract
 - D. You may never allow the customer to take the vehicle to get their own smog certificate
24. A dealer, changing ownership as a sole proprietor or partnership, is required to submit a new application and pay all fees within:
- A. 10 days prior to the effective date of the change
 - B. 40 days prior to the effective date of the change
 - C. 60 days prior to the effective date of the change
 - D. 80 days prior to the effective date of the change
25. A retail dealer must maintain a surety bond or cash deposit in the amount of:
- A. \$ 5,000
 - B. \$ 10,000
 - C. \$ 15,000
 - D. \$ 50,000

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26. Which statement is correct:
- A. A dealer must take a vehicle to a certified repair facility for a safety inspection:
 - B. Safety equipment listed in division 12 of the vehicle must be in good working order at the time of sale
 - C. If you sell a vehicle "as is" it waives the requirement that the safety equipment be in good working order
 - D. All of the above
27. All dealers must renew their license prior to the expiration date. If a dealer fails to renew the license, but is within the 30 day expiration period. Which of the following will occur?
- A. The license will be automatically canceled
 - B. The dealer can still renew, but will be required to pay a late fee penalty
 - C. The dealer can still renew the license without a penalty
 - D. None of the above
28. If a dealer is unable to find financing for a customer:
- A. The down payment can be kept as a service fee
 - B. The down payment must be returned
 - C. The down payment return is negotiable
 - D. The down payment can be kept as a vehicle rental fee
29. According to the California code of regulation, which safety items must a dealer comply with?
- A. Brakes
 - B. Lights
 - C. Windshield
 - D. All of the above
30. When a dealer sells a vehicle to a retail buyer he must:
- A. Pay the full sales tax due to the board of equalization
 - B. Pay all the registration fees and/or penalties due DMV
 - C. Transfer title and/or registration for the buyer
 - D. All of the above

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31. When a dealer sells a consigned vehicle, the consignor must be paid the agreed amount within:
- A. 10 days
 - B. 20 days
 - C. 30 days
 - D. 40 days
32. A dealer may charge a smog inspection and certification fee not to exceed:
- A. \$ 30 plus the actual cost of the smog inspection certificate
 - B. \$ 40 plus the actual cost of the smog inspection certificate
 - C. \$ 50 plus the actual cost of the smog inspection certificate
 - D. \$ 60 plus the actual cost of the smog inspection certificate
33. All advertisements made by a dealer must identify the dealer:
- A. By the name under which the license does business
 - B. By the term "dealer" or "DLR"
 - C. By the licensee's business location
 - D. By the licensee's DMV issued number
34. The department, after notice and hearing, may suspend or revoke a license issued, to a dealer for doing which of the following:
- A. Knowingly or negligently permitting any illegal use of dealer plates
 - B. Knowingly make any false statement or concealing any material fact in any application for registration
 - C. Submitting a check, draft, or money order to the department for fees due which was not honored by the bank
 - D. All of the above
35. Prior to entering into negotiations, the selling dealer must notify a purchaser if the vehicle has been:
- A. A previous daily rental
 - B. A taxicab or publicity owned vehicle
 - C. An insurance salvage or revived salvage vehicle
 - D. All of the above

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36. A dealer must post a sign in a conspicuous place in the office that says:
- A. All vehicles are being sold as is and what you buy is what you get
 - B. Vehicle must never leave the dealer location except for test drives
 - C. The prospective buyer may have a vehicle inspected by a third party
 - D. The prospective buyer may not have a vehicle inspected by a third party
37. After the sale of a vehicle a dealer is required to send a written notice of sale (dealer notice/DMV copy) to DMV, Sacramento, within:
- A. 5 days
 - B. 10 days
 - C. 15 days
 - D. 30 days
38. Suspension or revocation of the dealer sellers permit by the board of equalization is cause for:
- A. Suspension of dealer's license
 - B. Revocation of the dealer's license
 - C. Automatic cancellation of the dealer's license
 - D. None of the above
39. If a vehicle has over 100,000 miles on it you must
- A. Replace the odometer
 - B. Reset the odometer
 - C. Notify the customer and properly mark the odometer statement form
 - D. Notify the customer verbally
40. A used vehicle dealer is required to obtain a smog certificate:
- A. If the vehicle is not currently registered
 - B. If the customer requests a smog certificate
 - C. Prior to offering a vehicle for retail sale
 - D. After the customer takes delivery of the vehicle

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Answer key

- 1- D
- 2- A
- 3- C
- 4- B
- 5- C
- 6- A
- 7- C
- 8- B
- 9- B
- 10- D
- 11- C
- 12- C
- 13- C
- 14- A
- 15- A
- 16- B
- 17- D
- 18- D
- 19- B
- 20- D
- 21- D
- 22- B
- 23- D
- 24- A
- 25- D
- 26- A
- 27- B
- 28- B
- 29- D
- 30- D
- 31- B
- 32- C
- 33- A
- 34- D

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35- D

36- C

37- A

38- C

39- C

40- C

The DMV requires a passing score of 70%

You will have to get 28 correct out of 40 questions

Your TriStar certificate of completion allows 3 test dates at least one week apart

You may locate your assigned DMV Inspector at 916-229-3126



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