

40 Question Practice Test

1. With a consignment what must be disclosed to the consignor (person you sold the car for) within 20 days of the sale?

- a) Date of Sale
- b) Selling Price
- c) Amount of the Lien that was paid, if any
- d) All of the above

2. Of the following used vehicle sale prices, which would a dealer not be required to offer a contract cancellation option agreement?

- A. \$39,995
- B. \$52,995
- C. \$29,995
- D. \$5,999

3. Your occupational license will be automatically canceled without a hearing if:

- A. Your seller's permit is revoked
- B. You have a bond reduction
- C. You take your main sign down and relinquish your office
- D. All of the above

4. What is the maximum markup that dealers may add to a loan for their own profit?

- A. 3.5% on loans over 60 months and 3% on loans less than 60 months
- B. 2.9% on all loans over 12 months
- C. 2.5% on loans 60 or fewer months, and 2% on loans 60 months or more
- D. 1% or \$150 whichever is less

5. How much is the vehicle transfer fee, on a California registered vehicle?

- A. \$ 10
- B. \$15
- C. \$45
- D. \$8.25

6. When is a retail dealer required to maintain a vehicle display area?

- A. At all times while licensed
- B. Only during business hours
- C. During DMV Inspections
- D. Only while the dealer is on the premises

7) How many hours does a dealer have to notify the advertiser, in writing that a vehicle has been sold or withdrawn?

- a) 30 Days
- b) 24 Hours
- c) 48 Hours
- d) No notice required

- 8) When is it proper to reset an odometer?
- a) If you have a good idea how many miles the car has
 - b) When nobody is looking
 - c) When you want to go to prison
 - d) Never
- 9) Effective July 1, 2006, dealers who advertise a vehicle as “certified” will be in violation of the law if the vehicle they are referring to in the ad has the following history:
- a) Both B & D
 - b) Salvage
 - c) Lease Return
 - d) Frame Damage
- 10) When you are a dealer selling a car to a retail customer, when is it proper for the dealer to allow the customers to obtain a smog certificate on their own?
- a) If the tags are current
 - b) If the vehicle is a gross polluter
 - c) If both the buyer and seller agree
 - d) Never
- 11) If a dealer is suspected of violating the laws that regulate dealers, which of the following actions may be taken against the dealer:
- a) Administrative hearing
 - b) Possible prosecution by the District Attorney
 - c) Civil Action for money damages
 - d) All of the above
- 12) What is the maximum time period a dealer is provided to pay the proceeds of a consignment sale and make an accounting to a consignor? (person you sold the car for) ?
- a) 30 Days
 - b) 5 Days
 - c) Immediately
 - d) 20 Days
13. What would be an exception to the no cooling off period?
- A. There are no exceptions
 - B. If the buyer found a similar vehicle for less money
 - C. If the buyer does not like the color
 - D. In the event of fraud or where the seller agrees to cancel the sale
14. What is a conditional sales contract?
- A. It is a DMV form used to calculate sales tax
 - B. It is used to document an out-of-state delivery
 - C. A form used to put a vehicle on consignment
 - D. A contract where the sale is conditioned upon the buyer obtaining financing and where a lien is created

15. Which document is used to account for the total cost and terms of payment?
- A. The Federal Buyer's Guide
 - B. The Certificate of Title
 - C. The AS-IS agreement
 - D. The Conditional Sales Contract
16. When is it proper for a dealer to give a report of sale to another?
- A. Another dealer who has run out of report of sales
 - B. To someone working at another dealership
 - C. To a wholesale dealer friend
 - D. Never
17. What is the minimum size for a main sign for a retail dealer?
- A. Ten square feet
 - B. 5 square feet
 - C. 2 square feet
 - D. No sign required
18. Which of the following things must a RETAIL dealer have?
- A. Sign with the dealership name and address
 - B. An office for the use of the dealer
 - C. Display area for the display of cars
 - D. All of the above
19. If a dealer plans on changing the location of his established place of business, when is he required to notify the DMV?
- A. Within 45 Days
 - B. Within 20 Days
 - C. Within 5 Days
 - D. Immediately
20. When is a dealer, who sells a vehicle that has a title branded SALVAGE or LEMON LAW BUYBACK, required to disclose the status of the title to the retail customer?
- A. Before the customer takes delivery
 - B. After the money has been paid
 - C. Before the sale of the vehicle
 - D. No disclosure is required if the customer does not ask
21. Which is the main body of law used to regulate dealers?
- A. The Health and Safety Code
 - B. The California Code of Regulations
 - C. The Vehicle Code
 - D. The Penal Code
22. What will happen if a dealer unknowingly buys a stolen car?
- A. The dealer will go to jail
 - B. The dealer will have to return the car to the rightful owner
 - C. The dealer license will be revoked
 - D. The dealer keeps the car since he paid for it

23. How much is the most that can be charged for a document processing charge?
- A. \$5
 - B. \$58.25
 - C. \$15
 - D. \$65 or \$80 depending on process used to file paperwork
24. Before you can apply for your dealer license, you need to get a resale permit (seller's permit) from where?
- A. DMV headquarters in Sacramento
 - B. The IRS
 - C. The State Board of Equalization
 - D. The city where your place of business is located
25. What is required in an auto dealer's advertisement for a vehicle for sale?
- A. Make and Model
 - B. VIN
 - C. Dealership Name
 - D. All of the Above
26. When is it acceptable to keep excess registration fees paid by the customer?
- A. If the amount is less than \$2
 - B. If the amount is less than \$10
 - C. If the car is out of state
 - D. It is never acceptable to keep excess registration fees
27. Which of the following persons must have a salesperson's license at an auto dealership?
- A. Salespersons
 - B. Sales Manager
 - C. Finance Manager
 - D. All of the above
28. A Retail Dealer must maintain a bond in the amount of?
- A. \$10,000
 - B. \$25,000
 - C. \$50,000
 - D. \$75,000
29. What is the purpose of Division 12 of the Vehicle Code?
- A. Regulates the conduct of dealers
 - B. Regulates the manner in which vehicles are equipped for safe operation
 - C. Establishes a dealership code of conduct
 - D. Establishes laws for the sale of vehicles out of state.
30. How many cars can a private individual legally sell per year with the intent to profit?
- A. 6 Cars
 - B. 5 Cars
 - C. 14 Cars
 - D. None

31. Division 12 Safety Requirements may be waived:
- A. If the dealer notifies the customer of all problems
 - B. If the car is sold "AS-IS"
 - C. If the car was manufactured before January 1, 1973
 - D. Never
32. After selling a vehicle in California, how many days does a dealer have to mail the USED VEHICLE DEALER NOTICE to the DMV?
- A. 30 Days
 - B. 10 Days
 - C. 5 Days
 - D. 45 Days
33. After selling a vehicle in California, how many days does a dealer have to submit the report of sale application copy, supporting documents and fees to the DMV?
- A. 5 Days
 - B. 10 Days
 - C. 50 Days
 - D. 30 Days
34. What are examples of when a dealer MUST disclose vehicle history in writing?
- A. Frame Damage, Salvage Title, Lemon Law Buyback Title, fire, flood or odometer discrepancies
 - B. Fading Paint
 - C. Names of Previous Owners
 - D. If the radio antenna is missing
35. Which is a DMV policy, but not an actual law?
- A. Dealers may not use highlighter pens
 - B. Dealers may not use marker pens
 - C. Dealers may not use erasable pens
 - D. Dealers must report all sales every Friday
36. If you run out of report of sales, where can an emergency supply be obtained?
- A. Ask your dealer friend to lend you some
 - B. Call the dealer auction, as they have supplies for sale
 - C. Call your DMV Inspector, for an emergency supply
 - D. Make a photocopy of previously used reports and white out the information, so that you may use them again
37. How much is the Administrative Service Fee (ASF) if a dealer fails to mail the dealer notice portion of the report of sale within 5 days?
- A. \$45
 - B. \$25
 - C. \$5
 - D. \$15

38. What will happen if you fail to renew your dealer license on time and enter the 30-day grace period?
- A. Your dealer license will automatically be canceled
 - B. You will be required to pay \$1,100
 - C. Your license will be put on probation
 - D. You will keep your dealer license as long as you pay the renewal fee PLUS a \$150 penalty (100 % of initial application) plus a prorated fine for each dealer plate
39. If you fail to submit the title, report of sale application copy and supporting documents to the DMV within fifty days after you sell a car, how much of an administrative service fee will you be charged?
- A. \$5
 - B. \$45
 - C. \$25
 - D. \$15
40. In order to be an Auto Broker you must be licensed as a:
- A. Finance Manager
 - B. Agent
 - C. Dealer
 - D. Salesperson

Answer Key

1. D	21. C
2. B	22. B
3. D	23. D
4. C	24. C
5. B	25. D
6. A	26. D
7. C	27. D
8. D	28. C
9. A	29. B
10. D	30. D
11. D	31. D
12. D	32. C
13. D	33. D
14. D	34. A
15. D	35. A
16. D	36. C
17. C	37. C
18. D	38. D
19. D	39. C
20. C	40. C