TEXAS REAL ESTATE COMMISSION (TREC) STATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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.

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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!

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Questions

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1. Who appoints the general public members of TALCB?

A. The executive secretary of the Texas Veterans Land Board

B. The Governor of Texas

C. The Texas Attorney General

D. The Texas Senate

2. What is the maximum payment TREC will make from the Recovery Trust Account per license holder?

A. 50,000

B. 100,000

C. 200,000

D. 250,000

3. What can an appointed associate under an intermediary do regarding advice?

A. Give advice to both parties

B. May give advice or opinions to one party

C. Only provide factual information

D. Act as a mediator without giving advice

4. What does the Texas law say about the increase in value of separate property?

A. All increases are split 50-50 in divorce

B. It remains separate property

C. It becomes community property

D. It is considered marital property

5. What is the minimum annual limit for Errors and Omissions Insurance if an agent has less than 10% interest in a business?

A. $500,000

B. $1 million

C. $250,000

D. $100,000

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6. What is a requirement for the Consumer Protection Notice posted on a business website?

A. Must be in bold lettering

B. Must be labeled correctly

C. Must include contact information

D. Must be in a different language

7. What is required for a backup offer to become effective?

A. The buyer must withdraw their initial offer

B. The previous contract must be terminated and certain fees must be paid

C. The seller must approve the backup offer

D. The property must remain on the market

8. Who is responsible for ensuring IABS compliance?

A. The buyer

B. The seller

C. The real estate license holder

D. The broker's administrative staff

9. What can a non-resident broker earn in Texas?

A. Only listing fees

B. A salary from a Texas firm

C. Referral commissions

D. Commission from direct transactions

10. What is the legal process through which heirs receive property according to a will?

A. Title by Devise

B. Laws of Descent and Distribution

C. Probate Procedure

D. Distribution of Assets

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Answers

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

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Explanations

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1. Who appoints the general public members of TALCB?

A. The executive secretary of the Texas Veterans Land Board

B. The Governor of Texas

C. The Texas Attorney General

D. The Texas Senate

The general public members of the Texas Appraiser Licensing and Certification Board (TALCB) are appointed by the Governor of Texas. This process is part of the larger framework within which state agencies and boards operate, ensuring that members are selected to represent the public's interests in matters related to appraiser licensing and certification. The Governor's role in this appointment process emphasizes the importance of accountability and oversight in regulatory bodies. By selecting qualified individuals who understand and can address the needs and concerns of the public, the Governor helps maintain the integrity of the appraiser profession and the regulatory environment in which it operates. This appointment authority reflects a system of checks and balances that is crucial in state governance. Other options do not hold the authority to appoint members to TALCB. For instance, the executive secretary of the Texas Veterans Land Board and the Texas Attorney General have different responsibilities within state government, focusing on veteran affairs and legal matters, respectively. The Texas Senate does not engage in direct appointments but may have a role in confirmation processes for certain appointed positions.

2. What is the maximum payment TREC will make from the Recovery Trust Account per license holder?

A. 50,000

B. 100,000

C. 200,000

D. 250,000

The maximum payment TREC will make from the Recovery Trust Account per license holder is $100,000. This cap is set to protect consumers who have suffered monetary losses due to the actions of a real estate license holder. The Recovery Trust Account is a fund created by TREC to offer a financial remedy for individuals who have been wronged by a licensee's actions that culminate in a final judgment against the license holder. This mechanism ensures that there are funds available to compensate consumers, thereby enhancing trust in the real estate profession. Understanding the limit of $100,000 is essential for both license holders and consumers because it delineates the extent of financial recourse available when claims are validated. This figure helps consumers gauge the potential risk of engaging with real estate licensees, while also prompting licensees to conduct their business ethically and responsibly to avoid reaching this threshold, which can significantly impact their professional standing and licensure.

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3. What can an appointed associate under an intermediary do regarding advice?

A. Give advice to both parties

B. May give advice or opinions to one party

C. Only provide factual information

D. Act as a mediator without giving advice

The appointed associate under an intermediary in Texas real estate is allowed to give advice or opinions to one party involved in the transaction. This is permissible as long as the intermediary has been designated to represent both parties and creates a structure that allows the appointed associate to fulfill their role effectively. In this unique arrangement, the intermediary has the responsibility to maintain neutrality and facilitate communication between the two parties. However, the appointed associate can focus on advising their designated client without infringing on the intermediary's duty of impartiality to the other party. This role ensures that while one party receives tailored assistance, the intermediary continues to uphold fair treatment and transparency throughout the transaction process. The other options do not align with the role and limitations placed on appointed associates under an intermediary, which is why they do not fit the scenario accurately. For instance, giving advice to both parties would undermine the intermediary's position, and providing only factual information does not capture the full scope of what an appointed associate can offer to their respective party. Acting as a mediator without giving advice does not align with the responsibilities that allow for personal client representation in this context.

4. What does the Texas law say about the increase in value of separate property?

A. All increases are split 50-50 in divorce

B. It remains separate property

C. It becomes community property

D. It is considered marital property

In Texas, the increase in value of separate property remains separate property under the law. This principle stems from Texas being a community property state, where property acquired during the marriage is generally considered community property. However, separate property—defined as property owned by a spouse prior to marriage, or acquired by gift or inheritance—retains its status even if its value increases after marriage. This means that if one spouse owns a property that was classified as separate property before the marriage, any appreciation in that property's value does not automatically convert it into community property. Therefore, in the event of a divorce, the original separate property, along with its increased value, is still owned solely by the spouse who initially possessed it. This distinction is crucial for determining the division of assets in a divorce settlement, as separate property is not divided between spouses. The other options, which suggest that increases in value are split between the spouses, that the property becomes community property, or that it is treated as marital property, do not align with the definitions and principles established by Texas law regarding separate property and its appreciation.

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5. What is the minimum annual limit for Errors and Omissions Insurance if an agent has less than 10% interest in a business?

A. $500,000

B. $1 million

C. $250,000

D. $100,000

In Texas, the minimum annual limit for Errors and Omissions Insurance is established to protect real estate agents from potential lawsuits stemming from mistakes or oversights in their professional services. For agents who hold less than a 10% interest in a business, the required minimum coverage amount is $1 million. This coverage ensures that there are adequate financial resources available to address claims that may arise from professional errors, thereby safeguarding both the agent's practice and the clients they serve. This higher limit reflects the state's emphasis on financial protection in the real estate industry, reinforcing the importance of maintaining a responsible level of insurance, especially for those who may not have significant ownership stakes in a business yet still operate in a professional capacity.

6. What is a requirement for the Consumer Protection Notice posted on a business website?

A. Must be in bold lettering

B. Must be labeled correctly

C. Must include contact information

D. Must be in a different language

The requirement for the Consumer Protection Notice posted on a business website specifies that it must be labeled correctly. This means that the notice needs to have a clear and specific title that accurately identifies it as the Consumer Protection Notice. Proper labeling ensures that consumers can easily locate and understand the notice, which is essential for transparency and compliance with Texas regulations. By having a correct label, it promotes consumer awareness and access to important information regarding their rights and protections under Texas real estate laws. Including the notice in bold lettering, providing contact information, or translating it into different languages, while potentially helpful to consumers, are not the core requirement highlighted by the regulations concerning the necessity of clear labeling. The main focus is the requirement to ensure that consumers can readily identify the notice and its purpose.

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7. What is required for a backup offer to become effective?

A. The buyer must withdraw their initial offer

B. The previous contract must be terminated and certain fees must be paid

C. The seller must approve the backup offer

D. The property must remain on the market

For a backup offer to become effective, it is essential that the previous contract related to the property has been terminated, and typically, certain fees associated with the process must be settled. A backup offer is essentially a conditional offer made on a property that is already under contract with another buyer. In order for this backup offer to take priority, the existing contract must be legally dissolved, which is why the termination of the previous agreement is a critical factor. Once the current contract is terminated, the backup offer can then be activated, assuming it meets all necessary terms set forth in the agreement. This highlights the importance of understanding contract law and the specific conditions that must be fulfilled in real estate transactions, especially concerning multiple offers. While seller approval of the backup offer is necessary for the offer to be acknowledged, it does not represent a pathway to effectiveness without the termination of the current contract. Similarly, the property remaining on the market or the buyer withdrawing their initial offer are not prerequisites for a backup offer to become valid. Thus, the requirement for termination of the prior contract and the related fees to be addressed are key to the backup offer's effectiveness.

8. Who is responsible for ensuring IABS compliance?

A. The buyer

B. The seller

C. The real estate license holder

D. The broker's administrative staff

The real estate license holder is responsible for ensuring compliance with the Information About Brokerage Services (IABS) requirements in Texas. This compliance includes providing the IABS notice to prospective clients or customers at the appropriate time in the transaction. The aim of this requirement is to inform consumers about the different types of brokerage services and their rights. The real estate license holder must understand their obligations regarding informing clients about representation options, which is crucial for fostering transparency and trust in the real estate process. As the representative in the transaction, the license holder is in the best position to communicate this vital information to buyers and sellers, ensuring they are aware of their choices and the nature of the agency relationship established.

9. What can a non-resident broker earn in Texas?

A. Only listing fees

B. A salary from a Texas firm

C. Referral commissions

D. Commission from direct transactions

A non-resident broker can earn referral commissions in Texas as long as they comply with applicable laws and regulations. Referral commissions refer to fees paid by a broker for referring business to another broker. This is significant because non-resident brokers are typically not licensed to conduct real estate transactions directly in Texas, but they can still participate in the Texas real estate market by referring clients to licensed Texas brokers. This arrangement allows them to earn income while adhering to the legal requirements of the state. In contrast, non-resident brokers cannot earn listing fees or commissions from direct transactions within Texas without first obtaining a Texas real estate license. They also cannot receive a salary from a Texas firm unless they are properly licensed, as salaries imply employment that involves active participation in real estate transactions, which is restricted to licensed individuals within the state.

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10. What is the legal process through which heirs receive property according to a will?

A. Title by Devise

B. Laws of Descent and Distribution

C. Probate Procedure

D. Distribution of Assets

The legal process through which heirs receive property according to a will is referred to as "Title by Devise." This concept means that property is transferred to the beneficiaries specified in a person's will upon their passing. The testator (the person who created the will) names the recipients of particular assets, and these are referred to as devises when real estate is involved. Title by Devise ensures that the decedent's wishes, as expressed in the will, are honored and legally recognized upon their death. It establishes a formal connection between the deceased and the heirs, empowering those named in the will to obtain clear title to the specified properties without needing further claims or disputes, as their rights to inherit were defined by the deceased in the will. The other processes listed, such as the laws of descent and distribution, pertain to situations where a person dies intestate (without a will) and do not involve the explicit wishes of a testator. Probate procedure is the broader legal process managing a deceased person's estate, including validating the will but not specifically addressing the transfer of title as a result of that will. Distribution of assets may occur within both testate (with a will) and intestate scenarios but does not pinpoint the mechanism of transfer defined by the will

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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://trecstate.examzify.com

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

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