TREC PROMULGATED CONTRACT PRACTICE TEST (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. How are surveys typically negotiated in real estate transactions?

A. Between buyer and seller

B. By a real estate agent

C. Through an attorney

D. With a surveyor's company

2. When working with the seller, you should explain that the Seller's Disclosure Form is:

A. A legal statement by the seller and should be truthful

B. Just a suggestion to be considered

C. A form that can be ignored

D. A non-legal document

3. Which type of housing project can legally discriminate regarding Familial Status?

A. A project for families

B. A project for only people 55 and older registered with HUD

C. A regular apartment complex

D. A project for single individuals

4. What must be included in the notice to a buyer regarding the HOA?

A. Service Charges

B. Meeting Schedules

C. Payment Requirements

D. Membership Benefits

5. What must Martha provide to transition from an inactive to an active salesperson?

A. Proof of completing a state exam

B. Proof of attending approved continuing education

C. Proof of prior sales experience

D. Proof of employment with a real estate firm

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6. What is the TREC addendum form required for a buyer to obtain early possession?

A. TREC Form 16-6

B. TREC Form 20-14

C. TREC Form 1-4

D. TREC Form 21-2

7. Why is it important for buyers and sellers to understand contingency clauses in real estate contracts?

A. To determine property taxes

B. To assess legal responsibilities

C. To facilitate financial arrangements

D. To ensure proper documentation of terms

8. In Texas, if an offer is drawn up by the buyer and their agent without an expiration date, how long could the offer remain valid?

A. 1 year

B. 2 years

C. 4 years

D. 5 years

9. When does the title change from the seller to the buyer?

A. At the time of contract signing

B. Upon escrow closes

C. When the buyer makes the first payment

D. After the home inspection is completed

10. When is a licensed sales agent allowed to utilize a custom contract?

A. When the client attorney is available

B. When the seller is writing up his or her own contract

C. When the sale involves a property under $100,000

D. When TREC forms are outdated

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Answers

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

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Explanations

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1. How are surveys typically negotiated in real estate transactions?

A. Between buyer and seller

B. By a real estate agent

C. Through an attorney

D. With a surveyor's company

Surveys in real estate transactions are primarily negotiated between the buyer and seller. This process often occurs during the contract negotiations or as part of the due diligence period. It is crucial for buyers to understand the boundaries, easements, and any encroachments on the property, which a survey can reveal. The buyer typically requests a survey to validate the property lines and ensure there are no surprises that could affect the purchase, such as potential property disputes with neighbors. While real estate agents, attorneys, and surveyors play important roles in the transaction process—agents may facilitate the conversation about surveys, attorneys may help interpret legal implications, and surveyors provide the actual survey services—the decision to obtain a survey and the specifics of what that survey should include are usually made in discussions between the buyer and seller. Such negotiations may include whether the buyer will pay for the survey and whether the seller has an existing survey that can be provided. Thus, the direct engagement of the buyer and seller in this aspect is fundamental to ensuring that the transaction takes place smoothly and transparently.

2. When working with the seller, you should explain that the Seller's Disclosure Form is:

A. A legal statement by the seller and should be truthful

B. Just a suggestion to be considered

C. A form that can be ignored

D. A non-legal document

The Seller's Disclosure Form is a critical document in real estate transactions that serves as a legal statement from the seller regarding the condition of the property. It is designed to disclose known issues or defects that could affect the property's value or desirability. Because it is a legal document, sellers are required to provide truthful and complete information to the best of their knowledge. Failing to do so can lead to legal repercussions, including potential lawsuits from buyers who may feel misled about the property's condition. The emphasis on the Seller's Disclosure Form being a legal statement underscores its importance in protecting both buyers and sellers. It provides transparency in the transaction, helping buyers make informed decisions while also offering sellers some legal protections if they disclose material facts honestly. This context further enhances the understanding of why honesty and thoroughness in filling out the form are essential components of real estate practices.

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3. Which type of housing project can legally discriminate regarding Familial Status?

A. A project for families

B. A project for only people 55 and older registered with HUD

C. A regular apartment complex

D. A project for single individuals

The correct answer is the type of housing project that is specifically designed for people 55 and older and is registered with HUD (the U.S. Department of Housing and Urban Development). This category of housing falls under the Fair Housing Act's exemptions regarding familial status. The Fair Housing Act prohibits discrimination against individuals based on several protected classes, including familial status, which refers to the presence of children under the age of 18. However, there are exceptions for certain types of housing intended for senior residents. When a housing project qualifies as "housing for older persons," it can legally restrict residency to persons aged 55 and older. These projects often make a commitment to maintaining a community primarily for older adults and must meet specific criteria set by HUD to qualify. For example, at least 80% of the units must be occupied by at least one person aged 55 or older, and the community must publish policies demonstrating this intent. This legal framework allows these housing projects to discriminate based on familial status in a manner that is compliant with the law, thus making this option the correct choice.

4. What must be included in the notice to a buyer regarding the HOA?

A. Service Charges

B. Meeting Schedules

C. Payment Requirements

D. Membership Benefits

When a buyer receives a notice regarding a Homeowners Association (HOA), it is crucial to include payment requirements. This encompasses information about any fees or assessments that the buyer will be responsible for as part of their membership in the HOA. Understanding the financial obligations is essential for buyers to assess their total ongoing costs when purchasing a property within an HOA community. Payment requirements detail specific amounts due, payment schedules, and any potential increases in fees. This information helps prospective buyers gauge how these obligations may impact their budget and overall financial planning when considering the property. Not being aware of these payment requirements could lead to unexpected financial strain after the purchase, making it a critical component of the notice. While other information such as service charges, meeting schedules, and membership benefits are important aspects of an HOA, the primary concern for buyers often revolves around the financial responsibilities they must undertake, thus making payment requirements a vital piece of information in the notice.

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5. What must Martha provide to transition from an inactive to an active salesperson?

A. Proof of completing a state exam

B. Proof of attending approved continuing education

C. Proof of prior sales experience

D. Proof of employment with a real estate firm

To transition from inactive to active status, a salesperson like Martha must provide proof of attending approved continuing education. Continuing education is an essential requirement set by state real estate commissions to ensure that salespersons stay current with market trends, legal updates, and other relevant information that is critical for effective practice in real estate. This requirement emphasizes the importance of ongoing education in a profession where regulations and practices can frequently change. Completing the necessary education courses demonstrates that Martha is engaged in her professional development and is equipped with the latest knowledge to serve clients effectively. While proof of completing a state exam may be necessary for initial licensure, this requirement is not applicable for activating an existing license. Proof of prior sales experience and proof of employment with a real estate firm may also be relevant in various contexts, but they do not specifically address the educational prerequisites needed for reactivation of a license. Thus, attending continuing education is the correct avenue for someone looking to resume active participation in the real estate market.

6. What is the TREC addendum form required for a buyer to obtain early possession?

A. TREC Form 16-6

B. TREC Form 20-14

C. TREC Form 1-4

D. TREC Form 21-2

The TREC addendum form required for a buyer to obtain early possession is TREC Form 16-6. This form is specifically designed for situations where the buyer wishes to take possession of the property before the closing process is completed. It outlines the terms and conditions under which the buyer can occupy the property early, ensuring that both parties understand their rights and responsibilities during this period. Early possession agreements can involve various considerations, including security deposits, insurance requirements, and the maintenance of the property by the buyer before the transfer of ownership. The use of Form 16-6 helps to formalize this arrangement and provides legal clarity, which is crucial for minimizing potential disputes between the buyer and seller. The other forms mentioned do not pertain specifically to early possession. Understanding the correct form to use ensures compliance with TREC regulations and protects the interests of both parties involved in the transaction.

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7. Why is it important for buyers and sellers to understand contingency clauses in real estate contracts?

A. To determine property taxes

B. To assess legal responsibilities

C. To facilitate financial arrangements

D. To ensure proper documentation of terms

Understanding contingency clauses in real estate contracts is vital for both buyers and sellers because these clauses outline specific conditions that must be met for the contract to remain valid. Contingencies can affect the legal obligations of both parties; for instance, a common contingency involves the buyer securing financing. If the buyer does not meet this requirement within the specified timeframe, they may be able to back out of the contract without penalty. For sellers, acknowledging these contingencies helps them understand their responsibilities and what might happen if certain conditions are not fulfilled. By being aware of these clauses, both parties can make informed decisions, manage expectations, and understand the legal ramifications associated with their transaction. This knowledge is essential to prevent disputes and ensure a smoother process during the sale or purchase of real estate.

8. In Texas, if an offer is drawn up by the buyer and their agent without an expiration date, how long could the offer remain valid?

A. 1 year

B. 2 years

C. 4 years

D. 5 years

In Texas, if an offer is created by a buyer and their agent but does not include an expiration date, the offer can remain valid for up to four years. This is based on the legal doctrine of "reasonable time," which holds that, in the absence of a specified expiration, a generic timeline applies to ensure that offers are acted upon within an appropriate period. The four-year duration is aligned with Texas's statute of limitations for certain types of contracts. Thus, although it is always advisable for offers to include an expiration date to avoid ambiguity and ensure clarity, in situations where it is missing, the law provides a standard period during which the offer may still be accepted. This understanding is critical for agents and buyers to navigate the purchase process effectively.

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9. When does the title change from the seller to the buyer?

A. At the time of contract signing

B. Upon escrow closes

C. When the buyer makes the first payment

D. After the home inspection is completed

The title changes from the seller to the buyer upon escrow closing because this is the final step in a real estate transaction where all conditions of the sale are met. During the closing process, the necessary documents are signed, funds are transferred, and the deed reflects the new ownership. This formal process ensures that both parties fulfill their obligations outlined in the purchase agreement, including necessary inspections, financing arrangements, and any other contingencies. Once escrow closes, the buyer is officially recognized as the new owner, and the title is officially recorded in their name, providing legal proof of ownership. The other options do not accurately represent the transfer of ownership in real estate. Signing the contract alone does not convey title; it merely represents the agreement between the parties. Making the first payment is related to the financial aspects of the transaction, but it does not signify a change in ownership. Similarly, the completion of a home inspection is essential for ensuring the property condition meets the buyer's expectations, but it is not a factor in the timing of ownership transfer.

10. When is a licensed sales agent allowed to utilize a custom contract?

A. When the client attorney is available

B. When the seller is writing up his or her own contract

C. When the sale involves a property under $100,000

D. When TREC forms are outdated

A licensed sales agent is allowed to utilize a custom contract when the seller is writing up his or her own contract. This situation often arises when the seller has a specific agreement in mind or believes that the standard forms may not adequately address their unique needs or terms of the sale. In such cases, the seller is empowered to leverage their own document, and the agent may assist in the process as long as they ensure compliance with applicable laws and regulations. The use of custom contracts can be sensitive, as they might not provide the same level of protection or clarity that promulgated forms do. However, if a seller is proactive in drafting their own contract, they can work collaboratively with the agent to ensure that the custom terms are accurately represented and legally binding. This collaboration is essential to navigate any legal implications and to ensure that the custom contract meets the requirements of the transaction. In contrast, the other scenarios presented do not provide a valid basis for a licensed sales agent to utilize a custom contract. For instance, the availability of a client's attorney does not automatically permit the use of a custom contract unless the seller decides to pursue that course of action independently. Similarly, the price of the property or the condition of TREC forms does not inherently justify deviating from standard contracts

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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://trecpromulgatedcontract.examzify.com

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

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