

# AceableAgent Promulgated Contracts Practice Test (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

- 1. What rule prevents a party from introducing oral or written statements made before or at the time of signing a contract that contradict the written terms?**
  - A. Real Estate Licensing Act**
  - B. Parole Evidence Rule**
  - C. The Statute of Frauds**
  - D. Option Period Rule**
- 2. What is an "option contract" in real estate?**
  - A. An agreement to lease a property**
  - B. A contract guaranteeing repairs**
  - C. A contract giving the right to purchase property**
  - D. A mandate to sell property immediately**
- 3. What does the phrase "time is of the essence" imply in a contract?**
  - A. Time frames in the contract are flexible**
  - B. Deadlines must be strictly followed**
  - C. Delays in fulfilling the contract are acceptable**
  - D. The contract can be renegotiated at any time**
- 4. What distinguishes TREC's promulgated forms from approved forms?**
  - A. Promulgated Forms Are Optional**
  - B. Approved Forms Are Required**
  - C. Promulgated Forms Are Required**
  - D. Both Are Optional**
- 5. What type of contract is characterized by a specific offer and acceptance?**
  - A. Implied contract**
  - B. Oral contract**
  - C. Express contract**
  - D. Unilateral contract**

- 6. When is rent for a Buyer's Temporary Residential Lease Agreement due?**
- A. The first day of the month**
  - B. Effective day of lease**
  - C. Upon signing the lease**
  - D. After the first month**
- 7. If the agent's commission is set higher in the seller agreement than in the buyer representation agreement, which would be used?**
- A. Buyer Representation Agreement**
  - B. Seller Agreement**
  - C. Agent's Discretion**
  - D. Market Rate**
- 8. True or False: A buyer retains the right to terminate a contract from the original effective date even after receiving a new offer.**
- A. True**
  - B. False**
  - C. Depends on the amendments**
  - D. Only with written notice**
- 9. What term describes a contract that has no legal effect?**
- A. Void**
  - B. Voidable**
  - C. Avalid**
  - D. Unenforceable**
- 10. What is the primary purpose of the non-realty items addendum?**
- A. To list non-structural items included in the sale**
  - B. To clarify zoning restrictions**
  - C. To define purchase price changes**
  - D. To list buyer's financial obligations**

## **Answers**

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

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## **Explanations**

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**1. What rule prevents a party from introducing oral or written statements made before or at the time of signing a contract that contradict the written terms?**

**A. Real Estate Licensing Act**

**B. Parole Evidence Rule**

**C. The Statute of Frauds**

**D. Option Period Rule**

The Parol Evidence Rule is the principle that governs the admissibility of evidence that contradicts the terms of a written contract. This rule holds that when parties have entered into a written agreement that is intended to be a complete and final representation of their deal, any prior or contemporaneous oral or written statements that contradict the written terms cannot be introduced in a court of law. The rationale behind this rule is to uphold the integrity of the written contract by giving precedence to the final written terms over any informal understandings or negotiations that occurred beforehand. This ensures clarity and prevents disputes about what was actually agreed upon, thereby promoting fair dealings and reliance on the written document as the definitive source of the parties' agreement. In contrast, the other options listed, such as the Real Estate Licensing Act, the Statute of Frauds, and the Option Period Rule, pertain to different legal concepts unrelated to the admissibility of evidence concerning a written contract. The Real Estate Licensing Act regulates licensing and practice within the real estate industry, the Statute of Frauds requires certain contracts to be in writing to be enforceable, and the Option Period Rule concerns time frames for executing options in real estate transactions. None of these directly address the introduction of prior or contemporaneous statements

**2. What is an "option contract" in real estate?**

**A. An agreement to lease a property**

**B. A contract guaranteeing repairs**

**C. A contract giving the right to purchase property**

**D. A mandate to sell property immediately**

An option contract in real estate is a specific type of agreement that gives the buyer the exclusive right, but not the obligation, to purchase a property at a predetermined price within a specified timeframe. This agreement typically involves a payment made to the seller, known as an option fee, which secures the buyer's right to make the purchase decision later. The components of an option contract provide flexibility to the buyer, allowing them to assess the property, secure financing, or conduct due diligence before committing to the purchase. In contrast, agreements to lease a property, contracts guaranteeing repairs, and mandates to sell property immediately do not encapsulate the essence of an option contract, which centers around the right to purchase rather than the obligation to either lease, repair, or sell the property. Thus, the nature of an option contract distinctly focuses on the purchasing rights it provides, aligning with the identified correct choice.

**3. What does the phrase "time is of the essence" imply in a contract?**

- A. Time frames in the contract are flexible**
- B. Deadlines must be strictly followed**
- C. Delays in fulfilling the contract are acceptable**
- D. The contract can be renegotiated at any time**

The phrase "time is of the essence" in a contract signifies that the deadlines outlined in the agreement are crucial and must be adhered to strictly. This means that any failure to meet these deadlines can be considered a breach of the contract, allowing the aggrieved party to seek remedies, which could include termination of the contract or claims for damages. This phrase emphasizes that timely performance is essential to the agreement; thus, parties are expected to fulfill their obligations within the designated time frames. Contracts containing this phrase typically specify the importance of meeting deadlines and discourage leniency regarding timing issues. In contrast, other options suggest flexibility or acceptance of delays, which conflicts with the strict nature conveyed by "time is of the essence."

**4. What distinguishes TREC's promulgated forms from approved forms?**

- A. Promulgated Forms Are Optional**
- B. Approved Forms Are Required**
- C. Promulgated Forms Are Required**
- D. Both Are Optional**

TREC's promulgated forms are distinct in that they are required for use in specific real estate transactions in Texas. These forms have been created and authorized by the Texas Real Estate Commission (TREC) to ensure consistency, compliance with legal standards, and protection for consumers. When real estate professionals engage in transactions covered by these promulgated forms, they must utilize them in order to adhere to regulatory requirements. In contrast, approved forms, while they may meet certain standards, are not mandatory and can be used at the discretion of the parties involved. This distinction underscores the importance of using promulgated forms in certain transactions, ensuring that they are following the prescribed guidelines set forth by TREC to safeguard both buyers and sellers in the real estate process.

**5. What type of contract is characterized by a specific offer and acceptance?**

**A. Implied contract**

**B. Oral contract**

**C. Express contract**

**D. Unilateral contract**

A contract characterized by a specific offer and acceptance is known as an express contract. This type of contract can be articulated in clear terms, either written or verbal, where the parties involved understand the agreed-upon details and intentions. The specificity in the offer and acceptance makes it distinct, as both parties mutually consent to the terms, creating a legally enforceable agreement. Express contracts are commonly used in various transactions, such as those in real estate, sales agreements, and service contracts, where the requirements of the agreement are explicitly defined. This clarity helps to prevent misunderstandings and provides a coherent framework for legal recourse if one party fails to fulfill their obligations.

**6. When is rent for a Buyer's Temporary Residential Lease Agreement due?**

**A. The first day of the month**

**B. Effective day of lease**

**C. Upon signing the lease**

**D. After the first month**

The rent for a Buyer's Temporary Residential Lease Agreement is due on the effective day of the lease. This is significant because the effective date establishes when the lease officially begins, and therefore, rental payments are expected to start from that date. This helps ensure that both parties are clear about when the obligations commence, aligning their expectations regarding payment and occupancy. By establishing the effective day of the lease as the due date for rent, it provides a straightforward timeline for both the landlord and the tenant, preventing any confusion about payment responsibilities. It is essential in temporary agreements, like this one, where timing is often critical to ensure a smooth transition for the buyer. This understanding lays down the foundation for managing rental agreements effectively.

**7. If the agent's commission is set higher in the seller agreement than in the buyer representation agreement, which would be used?**

**A. Buyer Representation Agreement**

**B. Seller Agreement**

**C. Agent's Discretion**

**D. Market Rate**

When evaluating which agreement governs the agent's commission, the seller agreement takes precedence in this situation because it explicitly outlines the terms related to the seller's obligations, including commission rates. The seller is the party that hires the agent to market and sell their property, typically agreeing to pay a certain commission when the property is sold. Since the seller's agreement sets a higher commission, this is the agreement that would be utilized for determining the commission due upon sale. In most real estate transactions, the seller compensates the agent for their services, typically calculated as a percentage of the sale price. Even if a buyer representation agreement exists, which may stipulate a different, often lower commission, the terms of the seller's agreement will dictate what the agent is entitled to receive from the seller upon a successful sale. This highlights the importance of the contractual obligations laid out in the seller agreement in guiding the agent's commission.

**8. True or False: A buyer retains the right to terminate a contract from the original effective date even after receiving a new offer.**

**A. True**

**B. False**

**C. Depends on the amendments**

**D. Only with written notice**

A buyer retains the right to terminate a contract from the original effective date even after receiving a new offer, making the statement true. This is rooted in the fundamental principles of contract law, where a party's right to terminate a contract depends on the terms of the original agreement. Unless the contract explicitly states otherwise or includes a clause that modifies this right upon receiving new offers, the buyer can legally decide to terminate. Additionally, the power to terminate prior to the acceptance of new terms maintains the buyer's autonomy and ensures they are not pressured into accepting a new deal that may not be in their best interest. This flexibility allows buyers to evaluate all options while ensuring they can act in their own best interests up until the point of acceptance of a new offer or modification of the current contract.

**9. What term describes a contract that has no legal effect?**

- A. Void**
- B. Voidable**
- C. Avalid**
- D. Unenforceable**

The term that describes a contract that has no legal effect is "void." A void contract is one that is considered null from the beginning, meaning it is not legally binding and cannot be enforced by either party. This can occur for several reasons, such as the contract being for an illegal purpose, lacking the necessary elements of a valid contract (like capacity or consideration), or being entered into under duress or undue influence. In contrast, a voidable contract may be enforceable at the discretion of one party, typically because one party had a reason to back out, such as being a minor or being misled; however, until that party chooses to void the contract, it remains valid. The term "avlid" is not a recognized legal term in contract law, while "unenforceable" refers to valid contracts that cannot be enforced in court for certain reasons, such as the statute of limitations or a failure to meet certain legal formalities. Thus, "void" accurately describes a contract that holds no effect in a legal context.

**10. What is the primary purpose of the non-realty items addendum?**

- A. To list non-structural items included in the sale**
- B. To clarify zoning restrictions**
- C. To define purchase price changes**
- D. To list buyer's financial obligations**

The primary purpose of the non-realty items addendum is to list non-structural items included in the sale of real estate. This document serves to explicitly detail any personal property or fixtures that are not typically considered part of the real estate transaction but are being included in the sale. This could encompass items such as appliances, window treatments, or outdoor equipment, making it essential for both parties to have a clear understanding of what is included with the property. By specifying these items in the addendum, it helps avoid confusion or disputes during the transaction process. The other options address aspects that are not the primary focus of the non-realty items addendum. For instance, zoning restrictions pertain to regulations regarding land use and are covered under different legal documentation. Similarly, changes in purchase price or financial obligations fall outside the scope of this addendum and are typically managed in the main contract. This specificity reinforces the addendum's importance in protecting both buyers and sellers by clearly delineating what items are being conveyed in the sale.