

CHAMPIONS LAW OF AGENCY 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.

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!

Questions

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- 1. What is the consequence of an agent exceeding their authority?**
 - A. The principal is always liable for the actions
 - B. The agent will face legal penalties
 - C. The principal may not be bound by the agent's actions
 - D. The agency relationship is automatically terminated
- 2. According to TREC advertising rules, which of the following is NOT considered an advertisement?**
 - A. Communication from a licensee to his or her client
 - B. Online listings
 - C. Print media ads
 - D. Billboard advertisements
- 3. What is the primary duty of an agent to their principal?**
 - A. To advise on market trends and set pricing strategies
 - B. To ensure the principal's interests are represented
 - C. To complete transactions without consulting the principal
 - D. To focus on personal gains from the transaction
- 4. What is a recommended practice regarding the Seller's Disclosure Notice?**
 - A. Have the seller complete it
 - B. Provide it only if requested
 - C. Wait until after an offer is made to complete it
 - D. It is optional and not required
- 5. What is the significance of the Statute of Frauds in agency law?**
 - A. It ensures all contracts are verbal for flexibility
 - B. It requires certain contracts to be in writing
 - C. It dictates payment methods in agency contracts
 - D. It regulates the time frames in which contracts are negotiated
- 6. What are the limits of an agent's authority?**
 - A. Defined by personal knowledge and expertise
 - B. Bound by the agency agreement, applicable laws, and the task's nature
 - C. Set by the client's preferences only
 - D. Limited to verbal agreements

7. Which of the following has the authority to suspend or revoke a Texas real estate license?

- A. TREC
- B. TREB
- C. TAB
- D. TFTC

8. Are all licensees required to be realtors?

- A. Yes, it is mandatory
- B. No, that is false
- C. Only in certain states
- D. Only in commercial settings

9. Which statement is true regarding termination of listings?

- A. They can only be terminated by the seller
- B. They require a written notice
- C. They can be terminated by mutual agreement
- D. They are legally binding until expiration

10. Whose property are listings considered to be?

- A. The salesperson's
- B. The broker's
- C. The agency's
- D. The client's

Answers

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

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Explanations

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1. What is the consequence of an agent exceeding their authority?

- A. The principal is always liable for the actions
- B. The agent will face legal penalties
- C. The principal may not be bound by the agent's actions**
- D. The agency relationship is automatically terminated

When an agent exceeds their authority, the principal may not be bound by the agent's actions. This is because the authority granted to the agent by the principal defines the scope of what the agent can do on the principal's behalf. If the agent acts outside of this authority, those actions are typically considered unauthorized. As a result, the principal has the option to reject any contracts or obligations that the agent may have attempted to create. This principle is essential to maintaining the integrity of the agency relationship, as it protects principals from being held accountable for actions they did not authorize. In this context, the other potential consequences mentioned do not automatically apply. While the agent may indeed face repercussions depending on the nature of the action taken, this does not guarantee legal penalties in every circumstance. Furthermore, it is not accurate to assert that the principal is always liable for the actions of the agent, particularly when the agent has overstepped their authority. Lastly, the agency relationship does not automatically terminate upon exceeding authority; it may continue, but the principal reserves the right to challenge the unauthorized actions.

2. According to TREC advertising rules, which of the following is NOT considered an advertisement?

- A. Communication from a licensee to his or her client**
- B. Online listings
- C. Print media ads
- D. Billboard advertisements

The correct choice signifies that communication between a licensee and their client does not fall under the category of advertisement as defined by TREC (Texas Real Estate Commission) advertising rules. Advertising typically involves efforts to promote services or listings to the general public, aiming to attract potential clients or customers. When a licensee communicates directly with their client, this interaction is seen as part of the professional relationship and not as an attempt to advertise services or property to a broader audience. This includes discussions about specific needs, preferences, or ongoing transactions. In contrast, online listings, print media ads, and billboard advertisements are all forms of advertising because they are intended to reach a wide audience, looking to inform or persuade individuals outside of an existing client relationship about property offerings or services. Each of these options actively seeks to generate interest and attract potential buyers or renters. Therefore, the distinction lies in the intent and audience of the communication, with direct client communication being personal and transactional rather than promotional.

3. What is the primary duty of an agent to their principal?

- A. To advise on market trends and set pricing strategies
- B. To ensure the principal's interests are represented**
- C. To complete transactions without consulting the principal
- D. To focus on personal gains from the transaction

The primary duty of an agent to their principal is to ensure that the principal's interests are represented. This fiduciary responsibility means that the agent must act in the best interests of the principal at all times, putting the principal's needs above their own. This encompasses various obligations, including loyalty, confidentiality, and disclosure of relevant information, ensuring that any actions taken are aligned with the principal's goals and objectives. An agent who effectively represents their principal will engage in practices that promote the principal's interests, whether negotiating contracts, providing advice, or making decisions related to transactions. This foundational principle of agency law emphasizes the trust placed in the agent by the principal, highlighting the expectation that the agent will not exploit their position for personal gain but rather advocate for the principal's best interests throughout their engagement.

4. What is a recommended practice regarding the Seller's Disclosure Notice?

- A. Have the seller complete it**
- B. Provide it only if requested
- C. Wait until after an offer is made to complete it
- D. It is optional and not required

Having the seller complete the Seller's Disclosure Notice is recommended because it ensures that potential buyers receive accurate and comprehensive information about the property. This disclosure is a critical component of the real estate transaction as it requires the seller to openly communicate any known material defects or issues with the property. When sellers provide a complete and truthful disclosure, it helps build trust with potential buyers and minimizes the risk of future legal disputes over undisclosed problems. It also aligns with legal requirements in many jurisdictions to provide such disclosures in a timely manner, ensuring that buyers can make informed decisions. By encouraging sellers to proactively fill out the notice, agents can help protect all parties involved in the transaction and facilitate a smoother sale process.

5. What is the significance of the Statute of Frauds in agency law?

- A. It ensures all contracts are verbal for flexibility
- B. It requires certain contracts to be in writing**
- C. It dictates payment methods in agency contracts
- D. It regulates the time frames in which contracts are negotiated

The significance of the Statute of Frauds in agency law lies in its requirement for certain contracts to be in writing. This legal principle was established to prevent fraud and dishonest practices in transactions by ensuring that there is clear and tangible evidence of the agreements made between parties. Specifically in agency law, this statute helps outline which types of contracts must be documented, such as those involving the sale of real estate, agreements that cannot be performed within one year, and other significant transactions. The requirement for written contracts serves multiple purposes: it helps clarify the terms of the agreement, provides proof of the parties' intentions, and establishes accountability. In the context of agency, ensuring that the agency relationship and its scopes are explicitly documented can protect both the principal and the agent by delineating their rights and responsibilities. This written requirement greatly reduces disputes over the existence and terms of the contracts, thereby fostering a more trustworthy framework for conducting business.

6. What are the limits of an agent's authority?

- A. Defined by personal knowledge and expertise
- B. Bound by the agency agreement, applicable laws, and the task's nature**
- C. Set by the client's preferences only
- D. Limited to verbal agreements

The limits of an agent's authority are primarily determined by the agency agreement, applicable laws, and the nature of the task they are assigned. This foundation establishes a clear framework for what an agent is permitted to do on behalf of the principal. The agency agreement explicitly outlines the scope of authority granted to the agent, detailing the duties and responsibilities expected from them. Additionally, applicable laws regulate agency relationships and may stipulate certain limitations on the authority granted to protect the interests of the principal and third parties. The nature of the task also plays a crucial role; for example, an agent tasked with negotiating a real estate sale has different authority compared to one hired for marketing purposes, which further clarifies their limits in decision-making and actions. The other options do not comprehensively define the limits of authority. Personal knowledge and expertise may enhance an agent's effectiveness but do not establish formal boundaries. Client preferences, while important, are not the sole determinants of authority limits and can be overruled by the agency agreement or the law. Finally, relying solely on verbal agreements creates ambiguity and is typically not sufficient for establishing an agent's authority in formal agency relationships.

7. Which of the following has the authority to suspend or revoke a Texas real estate license?

- A. TREC**
- B. TREB
- C. TAB
- D. TFTC

The Texas Real Estate Commission (TREC) is the governing body responsible for regulating real estate practices in Texas, which includes overseeing the licensure of real estate agents and brokers. TREC has the legal authority to suspend or revoke a real estate license based on violations of state laws and regulations pertaining to real estate conduct. This includes any form of misconduct, failure to adhere to statutory requirements, or any actions deemed detrimental to the public's interest in real estate transactions. Other organizations mentioned, such as TREB (Texas Real Estate Brokers), TAB (Texas Association of Builders), and TFTC (Texas Financial Translation Corporation), do not hold the regulatory authority to issue or revoke licenses. Their roles may involve professional association functions, advocating for industry standards, or supporting real estate professionals, but they do not have the legal power to suspend or revoke licenses. Therefore, the correct choice reflects the entity that has the statutory power and responsibility for license regulation in Texas.

8. Are all licensees required to be realtors?

- A. Yes, it is mandatory
- B. No, that is false**
- C. Only in certain states
- D. Only in commercial settings

The correct answer is that it is false that all licensees are required to be realtors. A real estate license enables individuals to practice as real estate agents, but becoming a realtor is an optional step that involves joining the National Association of Realtors (NAR) and adhering to its code of ethics and standards of practice. While many agents choose to join this professional association to gain additional credibility and access to resources, it is not a requirement for all licensees to be members. Thus, it highlights the distinction between holding a real estate license and being a realtor, which clarifies that not every licensed real estate agent is obligated to become a realtor.

9. Which statement is true regarding termination of listings?

- A. They can only be terminated by the seller
- B. They require a written notice
- C. They can be terminated by mutual agreement**
- D. They are legally binding until expiration

The answer indicating that listings can be terminated by mutual agreement is accurate because real estate contracts, including listing agreements, are fundamentally based on the consent of the parties involved. If both the seller and the agent agree to terminate the listing agreement before its natural expiration, they can easily do so through mutual consent. This highlights the principle that contracts, including agency agreements, are inherently flexible in nature as long as there is a consensus between the involved parties. Moreover, the possibility of mutual termination allows for adjustments in circumstances, such as changes in the seller's strategy or satisfaction with the agent's performance. It emphasizes the collaborative nature of these agreements, as both parties must honor each other's needs and desires regarding the selling process. In contrast, options discussing unilateral actions or requirements such as written notices do not capture the cooperative aspect of contract termination, which is essential in agency law. The binding nature of contracts until expiration also underscores the need for proper communication and agreed-upon terms rather than unilateral decisions.

10. Whose property are listings considered to be?

- A. The salesperson's
- B. The broker's**
- C. The agency's
- D. The client's

Listings are considered to be the property of the broker. This is due to the nature of the agency relationship established in real estate transactions. When a salesperson obtains a listing, they typically do so under the auspices of their broker, who holds the legal rights to the listing. The broker is responsible for marketing the property and handling the transaction, which further solidifies their ownership of the listing. While the salesperson may actively work with the client and engage in the sale process, the listings are legally tied to the broker, as the broker is the one who ultimately contracts with the client to represent them in the sale of their property. The agency relationship and applicable real estate laws firmly establish that the broker has the authority and responsibility tied to the listings any salesperson within the brokerage may obtain. Thus, this framework supports the understanding that while agents and salespeople work directly with clients, the listings themselves belong to the broker, aligning with how the real estate industry operates.

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://championslawagency.examzify.com>

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

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