

PROMULGATED CONTRACT FORMS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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 role does the state real estate commission play regarding promulgated forms?**
 - A. They enforce real estate commission payments
 - B. They create and maintain promulgated contract forms
 - C. They oversee all real estate website listings
 - D. They handle property appraisals
- 2. What must a real estate contract include to be valid?**
 - A. Maximum price and location
 - B. Signatures of all parties involved
 - C. Details of payment methods
 - D. A verbal agreement between parties
- 3. What happens to earnest money if the sale does not close?**
 - A. It is always returned to the buyer regardless of circumstances
 - B. It may be forfeited based on contract terms
 - C. It is transferred to the seller automatically
 - D. It is usually donated to a local charity
- 4. What is it called when a buyer's purchase contract is dependent on the sale of their existing home?**
 - A. Chattel
 - B. Contingency
 - C. Cooperation
 - D. Coinsurance
- 5. Who is responsible for paying the owner policy of title insurance fee according to the TREC 1-4 Residential Contract (Resale)?**
 - A. The buyer
 - B. The seller
 - C. The title company named in the contract
 - D. The party stipulated in the contract

- 6. What is typically included in a purchase agreement?**
- A. The seller's financial history
 - B. The buyer's credit score
 - C. Terms of sale including price and contingencies
 - D. The broker's commission details
- 7. Is a Buyer/Tenant Representation Agreement exclusively available through TREC?**
- A. True
 - B. False
 - C. N/A
 - D. Only for certain buyers
- 8. Under what condition can the buyer do nothing and still proceed to closing?**
- A. If they have waived all contingencies
 - B. If they have sufficient financing
 - C. When using the option paragraph of a contract
 - D. When both parties agree on terms
- 9. When earnest money is deposited with an escrow agent, what is one responsibility of the escrow agent?**
- A. Is not responsible for the performance of any signatory
 - B. Has the right to secure written release of all signatories
 - C. Is not liable for interest on the money
 - D. All of the above
- 10. What is the implication of a Buyer opting for Seller participation in their costs?**
- A. The Buyer can negotiate closing costs
 - B. The Seller is obligated to pay all costs
 - C. The costs must be documented in the Special Provisions
 - D. The transaction will have a higher commission

Answers

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

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Explanations

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1. What role does the state real estate commission play regarding promulgated forms?

- A. They enforce real estate commission payments
- B. They create and maintain promulgated contract forms**
- C. They oversee all real estate website listings
- D. They handle property appraisals

The state real estate commission is responsible for creating and maintaining promulgated contract forms. This is a crucial function because these forms provide standardized documents that facilitate real estate transactions within the state, ensuring that they comply with legal requirements and protect the rights of all parties involved. By establishing these forms, the commission helps streamline processes, reduces confusion, and promotes transparency in real estate dealings. The other roles listed in the options do not fall under the commission's primary responsibilities. Enforcing real estate commission payments, overseeing website listings, and handling property appraisals are tasks typically managed by different entities or are not within the specific purview of the state real estate commission. Thus, the core function of the commission in relation to promulgated forms highlights its importance in the real estate industry.

2. What must a real estate contract include to be valid?

- A. Maximum price and location
- B. Signatures of all parties involved**
- C. Details of payment methods
- D. A verbal agreement between parties

For a real estate contract to be valid, it is essential that it contains the signatures of all parties involved. Signatures serve as a definitive indication that all parties agree to the terms and conditions outlined in the contract, establishing mutual consent. This is a fundamental element in contract law; without the signatures, there is no legal agreement, and any commitments made by the parties could not be enforced. The other options, while they may contribute to the overall effectiveness or clarity of a contract, do not fulfill the essential requirement for validity. Specifically, a maximum price and location, details of payment methods, and even a verbal agreement do not suffice on their own to ensure that the contract is recognized as binding or enforceable in a legal context. Thus, the inclusion of all parties' signatures is the cornerstone of creating a valid real estate contract.

3. What happens to earnest money if the sale does not close?

- A. It is always returned to the buyer regardless of circumstances
- B. It may be forfeited based on contract terms**
- C. It is transferred to the seller automatically
- D. It is usually donated to a local charity

In real estate transactions, earnest money serves as a deposit made by the buyer to demonstrate their intent to follow through with the purchase. If the sale does not close, the fate of the earnest money is determined by the terms set out in the purchase contract. When the contract clearly outlines the conditions under which earnest money may be forfeited, the seller may be entitled to keep the deposit if the buyer fails to meet those conditions. For example, if the buyer defaults or fails to fulfill certain obligations outlined in the agreement, the seller has the right to retain the earnest money as compensation for the time and effort spent on the transaction. This provision is crucial as it protects the seller's interests while also ensuring that buyers understand the potential financial implications of backing out of a deal without a valid reason or without adhering to the contract's stipulations. Therefore, the correct understanding here is that the earnest money is not automatically returned or granted to the seller, but rather its disposition is contingent upon the specific contractual terms agreed upon by both parties.

4. What is it called when a buyer's purchase contract is dependent on the sale of their existing home?

- A. Chattel
- B. Contingency**
- C. Cooperation
- D. Coinsurance

The correct term for when a buyer's purchase contract is dependent on the sale of their existing home is a contingency. In real estate transactions, a contingency is a condition that must be fulfilled for the contract to become binding. In this specific context, it means that the buyer is making the purchase of a new home contingent upon successfully selling their current home. This protects the buyer from being financially overextended; they can buy a new property only when they have sold their existing one, ensuring that they have the necessary funds available. Understanding contingencies is crucial in real estate transactions, as they outline the terms under which a sale can proceed or be voided without penalty, based on certain conditions. The other choices refer to different concepts within real estate or insurance, but do not apply to this specific scenario.

5. Who is responsible for paying the owner policy of title insurance fee according to the TREC 1-4 Residential Contract (Resale)?

- A. The buyer
- B. The seller
- C. The title company named in the contract
- D. The party stipulated in the contract**

The correct answer is grounded in the provisions outlined in the TREC 1-4 Residential Contract (Resale), which allows for flexibility in determining who pays the owner policy of title insurance fee based on the specific agreements made within the contract. The contract explicitly states that the responsibility can be assigned to either the buyer or the seller, depending on what the parties agree upon when they execute the contract. This means that in practice, the party responsible for the fee is not automatically determined by the nature of the transaction, but rather by the stipulations included in the contract itself. This underscores the importance of thorough contract negotiation and review, as the selected responsible party can have financial implications for both the buyer and the seller. The other options do not encapsulate this contractual nuance, which is why choosing the option that reflects stipulated agreement in the contract is accurate.

6. What is typically included in a purchase agreement?

- A. The seller's financial history
- B. The buyer's credit score
- C. Terms of sale including price and contingencies**
- D. The broker's commission details

A purchase agreement serves as a formal contract outlining the terms of a real estate transaction between a buyer and a seller. Among the essential components included in this document are the terms of the sale, which encompass the purchase price and any contingencies that could affect the completion of the sale. Contingencies may involve conditions such as inspections, financing approvals, or the sale of another property, all of which are crucial for protecting both parties' interests during the transaction. While seller's financial history, buyer's credit score, and broker's commission details may be relevant in the broader context of real estate transactions, they do not generally form part of the purchase agreement itself. The inclusion of terms related to the sale—like the price and contingencies—ensures clarity and legal enforceability, setting a firm foundation for the buying and selling process.

7. Is a Buyer/Tenant Representation Agreement exclusively available through TREC?

- A. True
- B. False**
- C. N/A
- D. Only for certain buyers

A Buyer/Tenant Representation Agreement is not exclusively available through the Texas Real Estate Commission (TREC). While TREC provides standardized forms and guidelines for real estate transactions, these agreements can also be created outside of TREC's offerings, provided they comply with applicable real estate laws and regulations. Realtors have the flexibility to craft their own agreements tailored to the specific circumstances of their clients, as long as they maintain adherence to legal standards. This allows for a range of agreements that can cater to unique situations and preferences. Thus, the idea that such agreements are exclusive to TREC misrepresents the versatility and options available to buyers and tenants in the real estate market.

8. Under what condition can the buyer do nothing and still proceed to closing?

- A. If they have waived all contingencies
- B. If they have sufficient financing
- C. When using the option paragraph of a contract**
- D. When both parties agree on terms

The buyer can proceed to closing without taking any further action mainly when they utilize the option paragraph of a contract. An option paragraph in a real estate contract grants the buyer the right to terminate the contract during a specified period, often in exchange for an option fee. If the buyer chooses to keep the contract in effect without exercising the option to terminate, they do not have to take additional steps or fulfill other obligations that may typically be associated with contingencies, such as inspections or securing financing. This means they can move toward closing without needing to provide further input or fulfill conditions that would normally be necessary in a real estate transaction.

9. When earnest money is deposited with an escrow agent, what is one responsibility of the escrow agent?

- A. Is not responsible for the performance of any signatory
- B. Has the right to secure written release of all signatories
- C. Is not liable for interest on the money
- D. All of the above**

When earnest money is deposited with an escrow agent, one of the key responsibilities of the escrow agent encompasses a range of obligations, including those outlined in the selected answer. The escrow agent acts as a neutral third party, so they have specific duties to ensure the proper handling of the deposit. Firstly, the escrow agent is indeed not responsible for the performance of any signatory involved in the transaction. Their role is to hold the money and facilitate its release according to the terms agreed upon by the parties involved in the contract, without getting involved in the specific actions or commitments of the buyers or sellers. Additionally, the escrow agent has the right to secure written releases from all signatories. This ensures that the release of earnest money from escrow is consistent with the agreement reached by the parties, thereby protecting the interests of both parties and maintaining neutrality. Moreover, it is accurate that the escrow agent is not typically liable for interest accrued on the earnest money. Unless otherwise agreed upon, any interest earned on the fund may not be distributed to the parties involved, as the escrow agent's primary responsibility is the safe holding of the funds, not the management of interest income. Thus, the completeness of all the statements and responsibilities tied to the role of the escrow agent makes the

10. What is the implication of a Buyer opting for Seller participation in their costs?

- A. The Buyer can negotiate closing costs**
- B. The Seller is obligated to pay all costs
- C. The costs must be documented in the Special Provisions
- D. The transaction will have a higher commission

When a Buyer opts for Seller participation in their costs, it indicates that the Buyer is seeking to share the financial burdens associated with closing costs, perhaps as a strategy to make the purchase more affordable. This option often allows for negotiation of closing costs, enabling the Buyer to ask the Seller to contribute a specified amount towards these expenses. Seller participation in costs effectively means that the Buyer and Seller can come to an agreement during negotiations, enhancing the likelihood of closing the transaction without unnecessary financial strain on the Buyer. This cooperation can lead to more favorable terms for the Buyer and help facilitate the closing process. The other options do not align with the common practices surrounding Seller participation in costs. For instance, while the Seller might contribute, they are not inherently obligated to pay all costs, nor is it required that any associated costs be documented in the Special Provisions, as this process can vary widely by individual transaction. Additionally, Seller participation does not necessarily lead to higher commissions for agents, as commission structures depend on multiple factors, including the agreement made by both parties beforehand.

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:

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

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