

Texas Promulgated Contracts Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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. What is a "Listing Agreement" in real estate?**
 - A. A proposal of sale by the buyer**
 - B. A contract between a property owner and a real estate broker**
 - C. An agreement outlining mortgage terms**
 - D. An official document for property appraisal**

- 2. Which of the following is an exception to a license holder using a TREC-promulgated contract form?**
 - A. if the broker does not want to use the forms**
 - B. if the sale is for a vacant lot in a subdivision**
 - C. if an attorney-prepared form is used**
 - D. if the license holder prepared his or her own form**

- 3. When is earnest money typically deposited in a real estate transaction?**
 - A. At the time of signing the contract**
 - B. After the inspection period**
 - C. Upon closing of the sale**
 - D. Once the buyer secures financing**

- 4. How many days does a seller have to provide the Seller's Disclosure Notice if a buyer makes an offer without it?**
 - A. Not less than 3 days prior to closing**
 - B. Not more than 5 days after the effective date of the contract**
 - C. Within 7 days of loan approval**
 - D. The number of days negotiated in the contract**

- 5. TREC promulgated contracts allow the Buyer to have the property inspected:**
 - A. by anybody selected by the buyer**
 - B. by inspectors licensed by TREC or otherwise permitted by law**
 - C. no more than three times**
 - D. at any time by any person selected by their agent**

6. If a seller wants to continue to occupy the property for two days after the closing and the buyer agrees:

- A. this can be written into the special provisions paragraph of the contract**
- B. the parties should just enter into an oral agreement**
- C. the buyer and seller should negotiate a periodic tenancy agreement**
- D. the Seller's Temporary Residential Lease form should be used**

7. A new survey is always required for all transactions:

- A. True**
- B. False**

8. What term describes a party that fails to perform according to the terms of a contract?

- A. in default**
- B. in avoidance**
- C. terminated**
- D. in violation**

9. What are "Due Diligence" activities in real estate transactions?

- A. Marketing activities to advertise the property**
- B. Research and assessments conducted before finalizing the sale**
- C. Legal review of past ownership**
- D. Final walkthroughs before closing**

10. What is the consequence if a buyer is found to be in default?

- A. They may be entitled to damages**
- B. They may lose their deposit**
- C. Their offer may be voided**
- D. All of the above**

Answers

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

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Explanations

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1. What is a "Listing Agreement" in real estate?

- A. A proposal of sale by the buyer
- B. A contract between a property owner and a real estate broker**
- C. An agreement outlining mortgage terms
- D. An official document for property appraisal

A "Listing Agreement" in real estate is fundamentally a contract between a property owner and a real estate broker. This agreement officially establishes the broker's right to market the property for sale on behalf of the owner. It details the terms of engagement, including the duration of the listing, the commission rate for the broker, and other pertinent obligations and rights of both parties. This contract is crucial because it forms the basis of the relationship between the seller and the broker, allowing the broker to act in the interests of the owner to promote the sale of the property effectively. It typically includes provisions for how the property will be listed in the Multiple Listing Service (MLS), advertising strategies, and other marketing efforts that the broker will undertake. The other choices do not accurately describe what a Listing Agreement entails and thus, do not align with the established practices in real estate transactions. A Listing Agreement is specifically about the relationship and agreement between sellers and brokers, rather than proposals from buyers, mortgage specifics, or appraisal processes, all of which fall under entirely different arrangements in real estate.

2. Which of the following is an exception to a license holder using a TREC-promulgated contract form?

- A. if the broker does not want to use the forms
- B. if the sale is for a vacant lot in a subdivision
- C. if an attorney-prepared form is used**
- D. if the license holder prepared his or her own form

The correct answer identifies that using an attorney-prepared form is an exception to the requirement for license holders to use Texas Real Estate Commission (TREC)-promulgated contract forms. In Texas, individuals who are licensed for real estate transactions must typically utilize these standardized forms to ensure compliance with state regulations and to protect the interests of all parties involved in a transaction. However, the law recognizes that attorneys, who are trained in contract law, have the authority to draft their own legal documents. Therefore, when a transaction involves an attorney-prepared form, it is permissible for a license holder to use such a document in lieu of the TREC-promulgated forms. This exception acknowledges the legal expertise that attorneys provide in drafting contracts, which may be tailored to specific needs or situations beyond what the standardized forms cover. The other situations presented do not represent valid exceptions to the requirement to use TREC forms. For instance, a broker's personal preference against using standard forms does not exempt them from adhering to the rules set by the Texas Real Estate Commission. Similarly, selling a vacant lot in a subdivision does not fall under any special circumstances that would allow for bypassing the use of TREC-promulgated forms, nor does the act of a license holder preparing

3. When is earnest money typically deposited in a real estate transaction?

- A. At the time of signing the contract**
- B. After the inspection period**
- C. Upon closing of the sale**
- D. Once the buyer secures financing**

In a typical real estate transaction, earnest money is commonly deposited at the time of signing the contract. This deposit serves as a demonstration of the buyer's good faith and commitment to proceed with the purchase. By providing earnest money upfront, the buyer reassures the seller that they are serious about the offer and intend to fulfill the terms of the contract. This practice helps to solidify the agreement between the buyer and the seller right at the outset of the transaction process. The earnest money is usually held in an escrow account until the sale concludes, at which point it may be applied to the buyer's closing costs or the down payment. In contrast, the other options focus on actions that occur after the initial agreement is established, which is not the standard timing for earnest money deposits. For instance, drawing the deposit to a period after inspections or tied to the closing of the sale does not align with common practices, as earnest money is essentially a part of the initial contractual obligations.

4. How many days does a seller have to provide the Seller's Disclosure Notice if a buyer makes an offer without it?

- A. Not less than 3 days prior to closing**
- B. Not more than 5 days after the effective date of the contract**
- C. Within 7 days of loan approval**
- D. The number of days negotiated in the contract**

In Texas real estate transactions, the timeframe for providing the Seller's Disclosure Notice can indeed be negotiated in the contract. This flexibility allows both parties—buyers and sellers—to agree on a specific timeline that suits their individual situations. While common practices may suggest certain timeframes, the negotiated terms take precedence, enabling a tailored approach for each transaction. The other timeframes listed typically do not represent standard requirements that apply universally. For example, a specific number of days to close is not mandated by law, and it may not align with the party's preferences or the specific circumstances of the sale. Therefore, the answer indicates the importance of contract negotiation in determining the obligations of the seller regarding the disclosure notice. This fosters a customized transaction experience to meet the needs of both buyer and seller.

5. TREC promulgated contracts allow the Buyer to have the property inspected:

- A. by anybody selected by the buyer**
- B. by inspectors licensed by TREC or otherwise permitted by law**
- C. no more than three times**
- D. at any time by any person selected by their agent**

The correct response indicates that TREC promulgated contracts specifically allow the buyer to have the property inspected by inspectors who are licensed by the Texas Real Estate Commission or otherwise authorized by law. This requirement ensures that the inspection is conducted by qualified professionals who adhere to industry standards and regulations, providing the buyer with peace of mind regarding the condition of the property. It is essential for buyers to utilize licensed inspectors as they possess the necessary training and qualifications to identify potential issues that might not be evident to an untrained individual. This not only protects the buyer's investment but also ensures that any findings are credible and can be used in negotiations or decision-making regarding the property. The other choices involve aspects that do not align with the structured guidelines set forth by TREC. For instance, allowing an inspection by anyone selected by the buyer fails to address the need for professional qualifications, while limits on the number of inspections do not correspond to the freedom typically granted to buyers under these contracts. Additionally, inspections being conducted by any person selected by the agent could imply a lack of expertise, which the TREC rules aim to avoid by emphasizing licensed professionals.

6. If a seller wants to continue to occupy the property for two days after the closing and the buyer agrees:

- A. this can be written into the special provisions paragraph of the contract**
- B. the parties should just enter into an oral agreement**
- C. the buyer and seller should negotiate a periodic tenancy agreement**
- D. the Seller's Temporary Residential Lease form should be used**

In a scenario where the seller wants to remain in the property for two days after the closing, the correct approach is to utilize the Seller's Temporary Residential Lease form. This form is specifically designed for instances where a seller wishes to lease back the property from the buyer for a short duration after the sale has closed. By doing so, both parties are protected, as the lease sets forth the terms of occupancy, such as the duration, rent (if any), and responsibilities of both the seller and buyer during that time. Using the temporary lease form ensures that there is a formal agreement in place, providing legal clarity and a framework that addresses potential concerns, such as liability issues, maintenance responsibilities, or the condition of the property during the temporary occupancy. This form is a standardized document recognized within Texas real estate practices and facilitates a smoother transition for both parties. While it might seem convenient to just settle this with a verbal agreement or by using the special provisions of the contract, those options lack the legal protections and specific clauses that a formal lease provides. Additionally, negotiating a periodic tenancy agreement is not suitable here, as it does not address the temporary nature of the seller's intended occupancy. Therefore, using the Seller's Temporary Residential Lease form is the most appropriate and safeguard

7. A new survey is always required for all transactions:

A. True

B. False

A new survey is not always required for all transactions involving real property. The necessity for a new survey typically depends on several factors, such as the specifics of the property being transferred, any changes in property boundaries, or if existing surveys are deemed insufficient or outdated. In many cases, existing surveys can be utilized if they are current and relevant to the transaction at hand. Real estate professionals often rely on previously completed surveys to assess property boundaries, easements, and encroachments, making it feasible to skip a new survey unless significant changes or concerns are present. Therefore, understanding that it is not a blanket requirement helps streamline the transaction process and reduces unnecessary costs for buyers and sellers.

8. What term describes a party that fails to perform according to the terms of a contract?

A. in default

B. in avoidance

C. terminated

D. in violation

The term "in default" accurately describes a party that fails to perform according to the terms of a contract. When one party does not fulfill their contractual obligations—whether that means not delivering services, failing to make payments, or not adhering to any other specified terms—they are considered to be in default. This legal classification carries specific implications, including the right of the other party to pursue remedies for breach of contract, which may include seeking damages, specific performance, or contract termination. The other terms do not correctly capture the situation of failure to perform under a contract. "In avoidance" refers to a party's efforts to cancel or avoid the contract obligations altogether, while "terminated" indicates that the contract has been ended, which may not necessarily reflect the failure to perform by one of the parties. "In violation" might suggest breach of law or regulation but does not specifically denote failure to perform under the terms of a contract. Therefore, "in default" is the precise term for a party that does not adhere to their contractual obligations.

9. What are "Due Diligence" activities in real estate transactions?

- A. Marketing activities to advertise the property**
- B. Research and assessments conducted before finalizing the sale**
- C. Legal review of past ownership**
- D. Final walkthroughs before closing**

"Due Diligence" activities in real estate transactions refer to the comprehensive research and assessments conducted before finalizing the sale. This process is crucial as it allows a potential buyer to investigate various aspects of the property and surrounding area. In the due diligence phase, buyers typically evaluate property conditions, verify zoning laws, conduct title searches, review financial records, and assess any environmental risks. This careful examination helps determine whether to proceed with the transaction and under what conditions, ensuring that the buyer is making a well-informed decision. While marketing activities to advertise the property, legal reviews of past ownership, and final walkthroughs are important steps in the transaction process, they do not encompass the broader scope of due diligence. Marketing focuses on promoting the property, legal reviews may be part of due diligence but are not comprehensive enough on their own, and final walkthroughs are conducted closer to closing to ensure the property is in the agreed-upon condition. Hence, option B accurately captures the essence of due diligence in the context of real estate transactions.

10. What is the consequence if a buyer is found to be in default?

- A. They may be entitled to damages**
- B. They may lose their deposit**
- C. Their offer may be voided**
- D. All of the above**

When a buyer is found to be in default in a real estate transaction, several consequences can occur, each reflecting potential repercussions for the buyer's failure to fulfill their contractual obligations. If a buyer defaults, they may lose their deposit. The deposit is often held as a form of security for the seller, ensuring that the buyer is serious about the transaction. If the buyer fails to perform according to the terms of the contract, the seller may retain the deposit as compensation for the inconvenience and potential loss of opportunity. Additionally, the buyer may be entitled to damages. This would typically involve the seller seeking compensation for any losses incurred due to the default, such as lost time and expenses related to the failed sale. Furthermore, the buyer's offer may be rendered void. This means that the seller may choose not to proceed with the contract due to the buyer's default, resulting in the termination of the agreement altogether. Because all these possibilities are valid outcomes of a default, the correct answer encompasses all these consequences, indicating that the buyer faces multiple implications if they are found in default. This understanding underscores the importance of adhering to contractual obligations in real estate transactions.

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://txpromulgatedcontracts.examzify.com>

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

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