

# Texas Promulgated Contracts Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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. How is the closing date determined?**
  - A. It is negotiated by the buyer and the seller**
  - B. It is an "on or before" date**
  - C. It may be extended in some cases**
  - D. All of the above**
- 2. 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**
- 3. Buyer Sarah is purchasing a residential property and plans to operate a daycare. How should her agent handle this?**
  - A. write a paragraph describing the business in Paragraph 11, Special Provisions**
  - B. disclose the daycare using a TREC Special Use addendum**
  - C. specify the use as a daycare in Paragraph 6: Objections**
  - D. not mention the daycare because future use is not an issue**
- 4. What must a broker acting as an intermediary obtain?**
  - A. Oral consent from each party**
  - B. Written consent from each party**
  - C. Consent only from one party**
  - D. Implied consent from parties involved**
- 5. What does "TREC" stand for?**
  - A. Texas Real Estate Commission**
  - B. Texas Real Estate Council**
  - C. Texas Residential Executive Committee**
  - D. Texas Realty Evaluation Committee**

**6. Who is responsible for paying an overage incurred due to a change order?**

- A. The seller**
- B. The buyer**
- C. Splitting the overage equally between seller and buyer**
- D. The agent**

**7. How does a "Buyer's Agency Agreement" primarily benefit the buyer?**

- A. It establishes loan eligibility**
- B. It formalizes the relationship with the agent**
- C. It assures lower property taxes**
- D. It guarantees mortgage approval**

**8. In the Farm and Ranch contract, if the sales price is adjusted based on a survey, what can be adjusted?**

- A. The cash portion can be adjusted**
- B. The amount financed can be adjusted**
- C. The cash portion and amount financed can be adjusted proportionately**
- D. Any of the above are possible**

**9. The Buyer and Seller Temporary Residential Lease forms are good for any period up to?**

- A. 14 days**
- B. 30 days**
- C. 60 days**
- D. 90 days**

**10. What is the consequence of not providing a seller's disclosure notice?**

- A. The transaction can proceed without any issues**
- B. Buyers may seek legal recourse against the seller**
- C. The seller is automatically fined**
- D. Real estate agents will void the contract**

## **Answers**

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

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## **Explanations**

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## 1. How is the closing date determined?

- A. It is negotiated by the buyer and the seller
- B. It is an "on or before" date
- C. It may be extended in some cases
- D. All of the above**

The closing date of a real estate transaction plays a crucial role in the overall buying and selling process, and several factors contribute to its determination. The closing date is generally established as a result of negotiations between the buyer and the seller. It is a pivotal point where both parties agree on when the transfer of property ownership will officially occur. This aspect of negotiation highlights the importance of communication and agreement in real estate transactions. Additionally, the concept of an "on or before" date is often relevant in contracts. This means that while an expected closing date is set, it allows for the flexibility of closing before that specified date if all conditions are met, accommodating potential delays that could occur in the process. Moreover, in some situations, the closing date may be extended. This flexibility can be due to various factors such as the need for additional time to secure financing, complete inspections, or address any arising issues that might delay the transaction. The combination of negotiation, flexibility with the "on or before" framework, and the possibility of extensions showcases the comprehensive nature of how the closing date is determined in Texas real estate transactions. Thus, D accurately reflects the multifaceted approach to establishing a closing date.

## 2. 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.

**3. Buyer Sarah is purchasing a residential property and plans to operate a daycare. How should her agent handle this?**

- A. write a paragraph describing the business in Paragraph 11, Special Provisions**
- B. disclose the daycare using a TREC Special Use addendum**
- C. specify the use as a daycare in Paragraph 6: Objections**
- D. not mention the daycare because future use is not an issue**

In this scenario, stating the intended use of the property as a daycare in Paragraph 6: Objections is the correct approach. This section allows for the buyer to specify any objections related to the property, including how it will be used. By clearly stating that Sarah intends to operate a daycare, the agent ensures that this specific use is recognized and accounted for. This can also help in addressing potential zoning issues or regulations that might affect her ability to operate the daycare, ensuring the transaction aligns with her business plans. It's important for agents to provide clarity on the intended use of the property, especially if there are any local ordinances or HOA rules that may impact running a business from a residential setting. This proactive disclosure can prevent misunderstandings or legal issues down the road. The other options don't adequately capture the need to specify the proper use in this context. Describing the business in Special Provisions might not give the same weight as stating it in the timeline of objections, and a TREC Special Use addendum is indeed for specific situations but doesn't provide the clarity required for all involved parties as effectively in this case. Not mentioning the daycare entirely disregards the fact that the use of the property is significant to the buyer's plans and could leave the buyer vulnerable.

**4. What must a broker acting as an intermediary obtain?**

- A. Oral consent from each party**
- B. Written consent from each party**
- C. Consent only from one party**
- D. Implied consent from parties involved**

A broker acting as an intermediary is required to obtain written consent from each party involved in a transaction. This requirement exists to ensure transparency and to protect the interests of all parties. Written consent provides a clear, documented agreement about the broker's role and the nature of the relationship among the parties. In Texas real estate transactions, having clear, written consent is essential for legal and ethical compliance. It helps to avoid potential disputes or misunderstandings regarding the broker's representation and duties. This written documentation serves as protection not only for the broker but also for the clients, affirming that all parties understand and agree to the broker's position in the transaction. The other options, while they mention consent, do not meet the necessary legal standard set forth by Texas regulations regarding intermediary transactions. Oral consent lacks the necessary formality and traceability that written consent provides, while consent from only one party would not suffice to involve a broker as an intermediary. Implied consent does not grant the clarity needed for such an important role in real estate dealings. Thus, written consent ensures that all parties have unequivocally agreed to the intermediary arrangement.

## 5. What does "TREC" stand for?

- A. Texas Real Estate Commission**
- B. Texas Real Estate Council**
- C. Texas Residential Executive Committee**
- D. Texas Realty Evaluation Committee**

The acronym "TREC" stands for the Texas Real Estate Commission. TREC is a state agency responsible for regulating real estate in Texas, including the licensing of real estate agents and brokers, enforcing real estate laws, and protecting the public. This agency oversees real estate professionals to ensure compliance with established standards and practices, promoting transparency and fairness within the Texas real estate market. Understanding the role of TREC is essential for anyone involved in real estate in Texas, as it directly influences the practices of agents, brokers, and the overall conduct of real estate transactions. The other options do not accurately represent the state agency's function or formal designation, which is specifically focused on the regulation of real estate in Texas.

## 6. Who is responsible for paying an overage incurred due to a change order?

- A. The seller**
- B. The buyer**
- C. Splitting the overage equally between seller and buyer**
- D. The agent**

In the context of construction contracts and change orders, the buyer typically bears responsibility for any overages incurred. A change order represents an amendment to the original contract, often initiated by the buyer due to changes in project scope, design, or materials. As such, when additional costs arise from these modifications, it is generally the buyer's responsibility to cover these expenses. This accountability aligns with the principle that the buyer, who directly requests the changes, is expected to financially support any adjustments that lead to increased costs. The seller's role is primarily to execute the work outlined in the contract; hence, they are not liable for additional costs that result from modifications initiated by the buyer. In contrast, the other responses imply shared or exclusive financial responsibility by entities not typically held accountable for change order-related overages. This clarification helps illuminate the contractual obligations and financial responsibilities inherent in construction agreements.

## 7. How does a "Buyer's Agency Agreement" primarily benefit the buyer?

- A. It establishes loan eligibility**
- B. It formalizes the relationship with the agent**
- C. It assures lower property taxes**
- D. It guarantees mortgage approval**

A "Buyer's Agency Agreement" primarily benefits the buyer by formalizing the relationship with the agent. This agreement establishes a clear understanding of the responsibilities and obligations of both the buyer and the agent involved in the transaction. By having this formal agreement in place, the buyer ensures that their agent is legally obligated to act in their best interests throughout the home-buying process. This includes duties such as negotiating on behalf of the buyer, providing access to property listings, and offering insights into the market. Furthermore, by defining the professional relationship, it solidifies the agent's commitment to represent the buyer exclusively, which enhances trust and communication. It also outlines the agent's compensation structure, ensuring that both parties are on the same page regarding fees and commissions, which can lead to a smoother transaction overall. Other options, such as loan eligibility, property taxes, and mortgage approval, do not directly stem from the agency relationship but are rather concerns that fall under financial qualifications and regulatory issues in the real estate process. Thus, the primary value of a Buyer's Agency Agreement lies in its ability to establish a formal and professional rapport between the buyer and their agent, ensuring dedicated representation in the purchasing process.

## 8. In the Farm and Ranch contract, if the sales price is adjusted based on a survey, what can be adjusted?

- A. The cash portion can be adjusted**
- B. The amount financed can be adjusted**
- C. The cash portion and amount financed can be adjusted proportionately**
- D. Any of the above are possible**

In the context of the Farm and Ranch contract, when the sales price is adjusted based on a survey, it can impact both the cash portion and the amount financed. This flexibility allows for a comprehensive adjustment of the financial arrangements based on the survey findings, which may indicate changes in the property size, dimensions, or value. When a survey shows discrepancies that affect the overall valuation of the property, both parties typically agree to adjust the terms of the contract accordingly. This means that if the property's value is reassessed as a result of the survey, both the cash amount that the buyer needs to pay upfront and the financing amount that the buyer may require can be proportionately adjusted. In this situation, proportionate adjustments can ensure that both elements of the transaction align with the updated valuation, providing a fair outcome for both the buyer and seller. This is why the option stating that any of the above adjustments are possible is the most accurate in capturing the full range of possible adjustments available under these circumstances.

**9. The Buyer and Seller Temporary Residential Lease forms are good for any period up to?**

- A. 14 days**
- B. 30 days**
- C. 60 days**
- D. 90 days**

The Buyer and Seller Temporary Residential Lease forms are designed to provide a legal framework for a residential lease between a buyer and seller in situations where the closing process extends beyond the time that the seller has vacated the property. These forms can be utilized for temporary housing arrangements, allowing the seller to remain in the home for a limited time after the sale has been made. The correct answer indicates that these lease arrangements can last for a period of up to 90 days. This timeframe is significant because it offers flexibility for both buyers and sellers while also ensuring that their needs are met during the transition of ownership. By allowing a longer lease duration, sellers have enough time to find a new residence or make moving arrangements without rushing, while buyers can take possession of the property and start planning for their move-in without immediate pressure. Shorter durations, such as 14, 30, or 60 days, may not accommodate all scenarios between buyers and sellers, particularly when longer timelines are often needed to handle real estate transactions and transitions. Thus, the 90-day period provides a practical solution for many temporary housing situations that can arise during real estate transactions.

**10. What is the consequence of not providing a seller's disclosure notice?**

- A. The transaction can proceed without any issues**
- B. Buyers may seek legal recourse against the seller**
- C. The seller is automatically fined**
- D. Real estate agents will void the contract**

The requirement for a seller's disclosure notice is crucial in real estate transactions as it ensures that buyers are fully informed about the condition of the property. If a seller fails to provide this notice, it can lead to significant repercussions for them. Buyers may seek legal recourse against the seller because the absence of a seller's disclosure notice can be seen as a lack of transparency. Buyers rely on this notice to uncover potential issues with the property, such as defects or past problems. When this information is withheld, it can be grounds for a legal claim, including fraud or misrepresentation, especially if the buyer later discovers a major deficiency that the seller knew about but failed to disclose. The other options do not accurately reflect the implications of not providing a seller's disclosure. The transaction itself may face complications, but it does not simply proceed without any issues. There is no automatic fine imposed on the seller for failing to deliver the notice unless specified by state laws, and real estate agents typically do not have the authority to void contracts outright based on this oversight alone. Therefore, the consequence is primarily legal in nature, as buyers may pursue remedies against the seller for nondisclosure.

# 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](mailto: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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