

# Texas Real Estate Brokerage Sales Apprentice Education (SAE) Practice Exam (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. What type of authority is granted through express agreements and some implied agreements?**
  - A. Implied Authority**
  - B. Actual Authority**
  - C. Apparent Authority**
  - D. Limited Authority**
- 2. Which generation is characterized by members born during the years immediately following World War II?**
  - A. Generation X**
  - B. Millennials**
  - C. Baby Boomers**
  - D. Silent Generation**
- 3. How many shareholders is an S Corporation restricted to?**
  - A. 50**
  - B. 75**
  - C. 100**
  - D. 150**
- 4. When considering a real estate business, what is one method a new broker might choose?**
  - A. Creating a new marketing strategy**
  - B. Purchasing a franchise office**
  - C. Joining an online platform**
  - D. Investing in technology services**
- 5. A broker owes a customer which of the following obligations along with property disclosure?**
  - A. Trust and integrity**
  - B. Honesty and fairness**
  - C. Reliability and transparency**
  - D. Confidentiality and loyalty**

**6. Can a non-license holder access promulgated contract forms?**

- A. Yes, they are publicly available**
- B. No, they are restricted to licensed agents**
- C. Yes, but only in certain situations**
- D. No, only with a license holder's assistance**

**7. What type of leader is characterized as one who leads by example?**

- A. Pacesetting leader**
- B. Democratic leader**
- C. Autocratic leader**
- D. Servant leader**

**8. What is the financial implication of a company's net income?**

- A. Indicates losses incurred**
- B. Reflects overall profitability**
- C. Represents cash flow**
- D. Indicates administrative costs**

**9. According to Texas law, when should funds be deposited into the account after a contract is signed?**

- A. By the end of the current business day**
- B. Within a week of signing the contract**
- C. Within two business days from the signing**
- D. At the closing of the transaction**

**10. When should a real estate agent provide the seller's disclosure form to potential buyers?**

- A. Only after a verbal agreement**
- B. At the closing stage**
- C. Prior to any offers**
- D. Only upon request**

## **Answers**

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

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## **Explanations**

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**1. What type of authority is granted through express agreements and some implied agreements?**

- A. Implied Authority**
- B. Actual Authority**
- C. Apparent Authority**
- D. Limited Authority**

The correct answer is that the type of authority granted through express agreements and some implied agreements is Actual Authority. Actual Authority arises from a principal's express or implied consent to grant authority to an agent to act on their behalf. When there is an express agreement, the principal explicitly states the powers being granted to the agent, often documented in writing or through verbal confirmation. Implied authority, on the other hand, refers to the powers that are not explicitly stated but are necessary for the agent to perform their duties effectively in accordance with the intentions of the principal. For instance, if a real estate agent is hired through a written contract to sell a property, they have actual authority to negotiate terms, show the property, and execute contracts related to the sale. This authority is constructed directly from the agreement made between the principal and the agent. The other types of authority discussed in the options serve different roles. Implied Authority specifically relates to powers not detailed that are necessary for completing the tasks given by the principal but are directly linked to Actual Authority. Apparent Authority involves situations where a third party might assume an agent has authority based on the principal's behavior. Limited Authority restricts the agent's powers to specific tasks or transactions. While these concepts are related,

**2. Which generation is characterized by members born during the years immediately following World War II?**

- A. Generation X**
- B. Millennials**
- C. Baby Boomers**
- D. Silent Generation**

The generation characterized by individuals born during the years immediately following World War II is known as the Baby Boomers. This demographic shift occurred between approximately 1946 and 1964, during which there was a significant increase in birth rates following the return of servicemen from the war and the subsequent economic prosperity. Baby Boomers are often associated with various cultural and social changes, including the civil rights movement, the rise of television, and shifts in traditional family roles. This generation has played a pivotal role in shaping modern society, particularly in areas like consumer culture, work ethic, and political engagement. Understanding the historical context and characteristics of different generations helps in many fields, including real estate, where knowledge of clientele can lead to better marketing and service strategies.

### **3. How many shareholders is an S Corporation restricted to?**

- A. 50**
- B. 75**
- C. 100**
- D. 150**

An S Corporation is restricted to a maximum of 100 shareholders, which is stipulated by the Internal Revenue Code. This limitation is designed to maintain the S Corporation's status as a pass-through entity for tax purposes, allowing income to be taxed at the shareholder level instead of the corporate level. The requirement also helps to ensure that S Corporations remain relatively small businesses, as they are meant to be an alternative for small businesses rather than large corporations. This restriction does not include certain family members, as a provision allows members of a family to be treated as a single shareholder for the purposes of this limit, potentially providing some flexibility in ownership while still adhering to the overall cap. Understanding the significance of the 100 shareholder limit is crucial for real estate professionals advising clients on entity formation or investment structures, as exceeding this number can result in the loss of S Corporation status and its associated tax benefits.

### **4. When considering a real estate business, what is one method a new broker might choose?**

- A. Creating a new marketing strategy**
- B. Purchasing a franchise office**
- C. Joining an online platform**
- D. Investing in technology services**

Purchasing a franchise office is a common method for a new broker looking to establish a real estate business. This approach allows the broker to benefit from an established brand that has recognized marketing, operational support, and training systems already in place. A franchise can provide access to a larger network of resources and clients, which can be particularly advantageous for someone just starting in the industry. Additionally, being part of a franchise can inspire trust and credibility with potential clients who are familiar with the brand. Other methods, such as creating a new marketing strategy, joining an online platform, or investing in technology services, are certainly valuable in their own ways. However, they may not provide the same level of immediate support and recognition that a franchise offers. Creating a new marketing strategy involves significant groundwork and innovation, joining an online platform is not always as robust in terms of brand presence, and investing in technology services, while important, does not address the overall business structure in the way a franchise does. Thus, purchasing a franchise office stands out as a strategic choice for new brokers aiming to establish their presence in the real estate market more effectively.

**5. A broker owes a customer which of the following obligations along with property disclosure?**

- A. Trust and integrity**
- B. Honesty and fairness**
- C. Reliability and transparency**
- D. Confidentiality and loyalty**

The correct obligation for a broker to a customer, in addition to property disclosure, is honesty and fairness. This reflects the foundational ethical standards expected in real estate transactions. Honesty ensures that a broker provides accurate and truthful information, which is vital for the customer to make informed decisions regarding property. Fairness involves treating all parties with equity and respect, which is essential in fostering a trustworthy relationship between the broker and the customer. These principles help maintain the integrity of the real estate profession and protect the interests of customers, ensuring they are not misled or taken advantage of during the transaction process. While other attributes like trust, reliability, and transparency are also critical in real estate dealings, the explicit expectations set forth under the law emphasize the necessity of honesty and fairness when engaging with customers.

**6. Can a non-license holder access promulgated contract forms?**

- A. Yes, they are publicly available**
- B. No, they are restricted to licensed agents**
- C. Yes, but only in certain situations**
- D. No, only with a license holder's assistance**

The correct answer is that non-license holders can indeed access promulgated contract forms because these forms are made publicly available. In Texas, promulgated forms are designed by the Texas Real Estate Commission (TREC) to facilitate standard transactions in real estate, and they are accessible to anyone who needs to use them, including consumers. This availability promotes transparency and ensures that all participants in a real estate transaction, regardless of their licensing status, have access to the same essential documents. The forms can often be found on TREC's official website and are intended to standardize contracts, thereby helping to protect the interests of all parties involved. This aspect is particularly important in a regulated market like Texas, where ensuring a level playing field is vital for maintaining order and security in real estate dealings. Options indicating restrictions or the requirement of licensure likely stem from a misunderstanding of the purpose of these forms or mistaken assumptions about regulatory access rights. In practice, while licensed agents typically use these forms more frequently due to their professional transactions, it does not limit access to licensed professionals only.

**7. What type of leader is characterized as one who leads by example?**

- A. Pacesetting leader**
- B. Democratic leader**
- C. Autocratic leader**
- D. Servant leader**

A leader who leads by example is best categorized as a pacesetting leader. This type of leader sets high performance standards and exemplifies the behaviors and practices they expect from their team. By modeling the desired outcomes and work ethic, a pacesetting leader motivates team members to strive for excellence and encourages them to replicate their approach. In contrast, other leadership styles operate differently. A democratic leader fosters a participative environment, encouraging input and collaboration from team members in decision-making rather than solely relying on their own example. An autocratic leader, on the other hand, makes decisions unilaterally and expects compliance without necessarily demonstrating the expected behaviors. Lastly, a servant leader prioritizes the needs of the team and aims to empower and develop team members, focusing more on serving others than on setting an example through personal achievements. Thus, the defining characteristic of a pacesetting leader is the emphasis on leading by example, which motivates and drives performance by showcasing the standards they wish to instill in their team.

**8. What is the financial implication of a company's net income?**

- A. Indicates losses incurred**
- B. Reflects overall profitability**
- C. Represents cash flow**
- D. Indicates administrative costs**

Net income is a crucial financial metric that reflects the overall profitability of a company. It is determined by subtracting total expenses, including operating costs, interest, taxes, and any other costs from total revenue. A positive net income indicates that the company has earned more than it has spent during a specific period, signifying that the company is generating profit for its owners or investors. This financial result not only informs stakeholders of the company's financial health but also impacts investment decisions, stock prices, and future strategic planning. While other options may relate to financial concepts, they do not accurately convey the essence of what net income represents. Losses incurred would indicate a negative net income; cash flow refers to the movement of funds in and out of the business, which does not necessarily correlate directly with net income; and administrative costs are part of the expenses factored into net income calculation but do not define it. Therefore, understanding net income as a reflection of overall profitability is essential for assessing a company's financial situation.

**9. According to Texas law, when should funds be deposited into the account after a contract is signed?**

- A. By the end of the current business day**
- B. Within a week of signing the contract**
- C. Within two business days from the signing**
- D. At the closing of the transaction**

In Texas real estate law, it is required that funds must be deposited into the escrow account within two business days from the signing of the contract. This regulation ensures that earnest money is handled in a timely manner, providing security to both the buyer and the seller during the transaction process. The prompt deposit of funds also facilitates confidence in the transaction, indicating that the buyer is committed and serious about purchasing the property. Timely deposit is important for maintaining the integrity of the contract and for compliance with Texas Real Estate Commission (TREC) regulations. By having a specified timeframe—two business days—Texas law helps protect all parties involved and avoid potential disputes regarding the handling of earnest money. This requirement is a reflection of the state's commitment to clarity and professionalism in real estate transactions. Other options do not align with this requirement; for instance, depositing funds by the end of the current business day may not be practical for all situations, and suggesting a week or at the closing does not adhere to the strict regulatory expectations intended to protect parties during the contract period.

**10. When should a real estate agent provide the seller's disclosure form to potential buyers?**

- A. Only after a verbal agreement**
- B. At the closing stage**
- C. Prior to any offers**
- D. Only upon request**

Providing the seller's disclosure form to potential buyers prior to any offers is essential because it ensures transparency in the transaction. This form contains crucial information about the property's condition, which allows buyers to make informed decisions before they proceed with an offer. Offering this disclosure early in the process helps prevent misunderstandings and issues later on, as buyers will be aware of any known defects or concerns associated with the property. By supplying the disclosure form ahead of offers, brokers and agents comply with legal obligations and foster trust between parties. This practice not only protects the interests of buyers but also safeguards the seller from potential disputes after an agreement has been made. Obtaining and reviewing the seller's disclosure form at any other stage, such as after a verbal agreement or only upon request, could lead to complications in the negotiation process and may leave buyers feeling uninformed. Additionally, providing this information at the closing stage would be too late for buyers to consider essential details regarding the property.

# 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://texas-salesapprenticeeducation.examzify.com>**

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

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