

Texas Real Estate Commission (TREC) State 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 must landlords do regarding the management of security deposits?**
 - A. Return them upon request**
 - B. Invest them in interest-bearing accounts**
 - C. Account for them within a specified timeframe**
 - D. Deposit them in a trust fund**

- 2. How must offers be presented on a property?**
 - A. In the order they are received**
 - B. By the highest bid only**
 - C. In any order, as no specific order is required**
 - D. With the seller's approval**

- 3. For a single adult, what is the maximum size of a rural homestead?**
 - A. 50 acres**
 - B. 100 acres**
 - C. 150 acres**
 - D. 200 acres**

- 4. How many hours of continuing education must a licensee complete every two years?**
 - A. 10 hours**
 - B. 18 hours**
 - C. 24 hours**
 - D. 30 hours**

- 5. In a real estate transaction, what is often included in a contract's timeframe for resolving title issues?**
 - A. A standard 30 days**
 - B. A negotiated number of days**
 - C. Always 15 days**
 - D. Depends on the age of the property**

- 6. In which scenario would a broker be considered an intermediary without appointments?**
- A. Backing multiple transactions**
 - B. Working alone or sponsoring one license holder**
 - C. Representing numerous clients simultaneously**
 - D. Having a team of agents**
- 7. What happens to earnest money if a contract is terminated due to unmet contingencies?**
- A. It is forfeited to the seller**
 - B. It is refunded to the buyer**
 - C. It is held in escrow indefinitely**
 - D. It is donated to charity**
- 8. How often do licensed real estate agents in Texas need to renew their license?**
- A. A. Every year**
 - B. B. Every two years**
 - C. C. Every three years**
 - D. D. Every five years**
- 9. What is the maximum administrative penalty TREC can impose per day?**
- A. \$1,000**
 - B. \$5,000**
 - C. \$2,500**
 - D. \$10,000**
- 10. Can a broker compensate an out-of-state broker?**
- A. A. No, it's against regulations**
 - B. B. Yes, only if the out-of-state broker negotiates in Texas**
 - C. C. Yes, as long as the other broker does not negotiate in Texas**
 - D. D. Yes, without any restrictions**

Answers

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

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Explanations

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1. What must landlords do regarding the management of security deposits?

- A. Return them upon request
- B. Invest them in interest-bearing accounts
- C. Account for them within a specified timeframe**
- D. Deposit them in a trust fund

Landlords are required to account for security deposits within a specified timeframe as per Texas law. This means that after a tenant vacates the rental property, the landlord must provide an accounting of the security deposit along with any deductions made for repairs or unpaid rent. In Texas, this accounting must typically be provided within 30 days of the tenant moving out. This requirement ensures that tenants are informed about how their security deposits have been handled, promoting transparency and fairness in the rental process. It helps to prevent disputes over the return of deposits, as both parties have a clear record of any issues and repairs that may have impacted the return amount. Other options do not align with the legal requirements in Texas. While returning deposits upon request might seem sensible, it implies an immediate return without accounting for any necessary deductions. Investing security deposits in interest-bearing accounts is not a legal requirement in Texas, nor is depositing them in a trust fund, both of which may not reflect standard practices for all landlords. Therefore, the correct focus is on the need for landlords to provide a timely and clear accounting of the security deposit after the tenant's lease ends.

2. How must offers be presented on a property?

- A. In the order they are received
- B. By the highest bid only
- C. In any order, as no specific order is required**
- D. With the seller's approval

Offers must be presented in any order since there is no specific legal requirement to present them in the order they are received or based on the highest bid. The real estate agent or broker has the discretion to present offers as they deem appropriate, which could be influenced by various factors such as the specifics of offers, seller preferences, or strategic considerations. This flexibility allows agents to effectively negotiate on behalf of their clients and respond to unique situations that arise in the selling process. While considerations like getting seller approval or responding to higher bids may play a role in negotiating, the primary requirement is that there are no mandated guidelines regarding the order of offer presentation, making it permissible to present them in any chosen order.

3. For a single adult, what is the maximum size of a rural homestead?

- A. 50 acres
- B. 100 acres**
- C. 150 acres
- D. 200 acres

The maximum size of a rural homestead for a single adult in Texas is 100 acres. This designation is based on Texas homestead laws, which allow a homestead exemption for purposes such as taxation and securing certain rights. The intention behind this regulation is to encourage homeownership and provide protection to Texans who own agricultural and rural properties. When determining the size of a rural homestead, Texas law differentiates between urban and rural properties; for rural homesteads, the cap is specifically set at 100 acres for individuals. This limitation is significant because it provides a clear framework for what constitutes a homestead in rural areas, ensuring that residents can benefit from certain legal protections and financial advantages associated with being a homesteader. Understanding this size limitation is important for property owners and potential buyers as they navigate real estate transactions and seek to protect their interests under Texas law.

4. How many hours of continuing education must a licensee complete every two years?

- A. 10 hours
- B. 18 hours**
- C. 24 hours
- D. 30 hours

In Texas, real estate licensees are required to complete 18 hours of continuing education every two years to maintain their license. This continuing education helps ensure that agents remain knowledgeable about the latest developments in real estate laws, practices, and ethical standards. The 18 hours must include specific topics mandated by the Texas Real Estate Commission, which promotes professionalism and competency in the industry. This requirement is an important aspect of professional development for real estate agents in Texas, ensuring they provide informed and competent service to their clients.

5. In a real estate transaction, what is often included in a contract's timeframe for resolving title issues?

- A. A standard 30 days**
- B. A negotiated number of days**
- C. Always 15 days**
- D. Depends on the age of the property**

In a real estate transaction, the timeframe for resolving title issues is commonly determined through negotiations between the buyer and seller. This flexibility allows the parties to agree upon a number of days that best fits their specific circumstances and the complexity of the title issues involved. The variable nature of real estate transactions means that some might require longer periods to sort out issues, while others could be resolved more quickly, hence the reliance on negotiation rather than a standard timeframe. For example, if there are more significant title concerns, the parties might agree to a lengthier resolution period to ensure that everything is properly addressed. Conversely, for straightforward transactions with a clear title, a shorter timeframe may be acceptable. This emphasis on negotiation aligns with the concept that real estate agreements are customizable and tailored to meet the needs of both parties involved.

6. In which scenario would a broker be considered an intermediary without appointments?

- A. Backing multiple transactions**
- B. Working alone or sponsoring one license holder**
- C. Representing numerous clients simultaneously**
- D. Having a team of agents**

A broker is considered an intermediary without appointments when they work alone or sponsor only one license holder. In this scenario, the broker acts as a neutral party in a transaction without designating specific responsibilities to individual agents. This means the broker facilitates the transaction by ensuring that both parties have the information needed to make informed decisions while maintaining impartiality. When a broker operates without appointments, they retain overall control of the transaction, which can simplify the process and reduce potential conflicts of interest. Without multiple agents involved, the broker can efficiently manage the relationships between the clients directly. This situation often arises with smaller brokerages or independent brokers who handle transactions personally. In contrast, scenarios involving backing multiple transactions, representing numerous clients simultaneously, or having a team of agents typically suggest the involvement of multiple stakeholders and appointments would likely be necessary to navigate the various relationships and responsibilities effectively.

7. What happens to earnest money if a contract is terminated due to unmet contingencies?

- A. It is forfeited to the seller**
- B. It is refunded to the buyer**
- C. It is held in escrow indefinitely**
- D. It is donated to charity**

When a contract is terminated due to unmet contingencies, the earnest money is refunded to the buyer. Contingencies are conditions specified in the sales contract that must be met for the contract to be valid and the transaction to proceed. Common examples include financing contingencies, inspection contingencies, or appraisal contingencies. If these contingencies are not met and the contract is subsequently terminated, the buyer typically has the right to reclaim their earnest money as they have not breached the contract. This process helps protect the buyer's initial investment and ensures that they are not penalized for contingencies that were not satisfied. In this context, the other options would not be applicable because forfeiting the earnest money to the seller would imply a breach by the buyer, while holding the earnest money in escrow indefinitely or donating it to charity would not respect the contractual obligations regarding contingencies. Thus, returning the earnest money to the buyer is the correct and standard practice in real estate transactions under these circumstances.

8. How often do licensed real estate agents in Texas need to renew their license?

- A. A. Every year**
- B. B. Every two years**
- C. C. Every three years**
- D. D. Every five years**

Licensed real estate agents in Texas are required to renew their licenses every two years. This renewal period is in place to ensure that agents remain up to date with current laws, regulations, and practices in the real estate industry. Continuing education is also a vital aspect of maintaining a real estate license, as it helps agents stay informed about changes in legislation and market conditions that can affect their practice. The two-year renewal requirement supports ongoing professional development and promotes the integrity of the real estate profession in Texas. It is crucial for agents to complete the required continuing education courses during this period to qualify for renewal, thus contributing to a more competent real estate workforce.

9. What is the maximum administrative penalty TREC can impose per day?

- A. \$1,000
- B. \$5,000**
- C. \$2,500
- D. \$10,000

The Texas Real Estate Commission (TREC) has the authority to impose administrative penalties for violations of the Texas Real Estate License Act and related laws. The maximum administrative penalty that TREC can impose is \$5,000 per day for each violation. This means that if a licensee is found to be in violation of the act, TREC can impose a fine of up to \$5,000 for each day the violation continues. This provision is significant because it underscores the importance of compliance with real estate laws and regulations, as the penalties can accumulate quickly if violations persist over time. Understanding the maximum penalty helps real estate professionals grasp the potential consequences of non-compliance and encourages adherence to legal standards within the industry.

10. Can a broker compensate an out-of-state broker?

- A. A. No, it's against regulations
- B. B. Yes, only if the out-of-state broker negotiates in Texas
- C. C. Yes, as long as the other broker does not negotiate in Texas**
- D. D. Yes, without any restrictions

The correct answer is that a broker can compensate an out-of-state broker as long as the other broker does not negotiate in Texas. This is aligned with Texas regulations regarding real estate transactions. The state's laws permit a Texas broker to pay a commission to a broker from another state, provided that the out-of-state broker is not engaging in negotiations regarding the sale or lease of property within Texas. This is to ensure that only licensed Texas brokers are allowed to negotiate and perform acts that require a real estate license within the state, which helps maintain compliance with state regulations and protects consumers. In summary, while brokers can work collaboratively across state lines, they must adhere to the stipulations that govern their home state's real estate practices. The specific condition that the out-of-state broker does not negotiate inside Texas is crucial to ensure compliance with Texas law.

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://trecstate.examzify.com>

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

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