

TREC Promulgated Contract 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

- 1. What happens if a lease has not been executed before a seller moves out?**
 - A. The buyer cannot occupy the property**
 - B. The seller must pay penalties**
 - C. The seller is still responsible for the property**
 - D. Moving out is legally binding**
- 2. Who is responsible for ensuring the terms of a contract are met after it has been signed?**
 - A. The seller**
 - B. The buyer**
 - C. Both parties**
 - D. The notary**
- 3. Jane Chen's focus on showing homes in the Asian section of town exemplifies which practice?**
 - A. Steering**
 - B. Market segmentation**
 - C. Target marketing**
 - D. Fair housing compliance**
- 4. Aaron, the buyer, tells the seller he is selling the property "as is". What should the buyer insist on before agreeing to the sale?**
 - A. A written agreement**
 - B. A thorough inspection**
 - C. Full disclosure**
 - D. A title check**
- 5. What can Mary require to clarify the fence line issue when buying a farm?**
 - A. A survey contingency paid by the buyer**
 - B. A survey contingency paid by the seller**
 - C. A fence inspection before purchase**
 - D. A legal description of the property**

- 6. Which statement is true regarding the information in the Condominium Resale Certificate?**
- A. It does not require seller's personal information**
 - B. It includes the amount due for special assessments**
 - C. It is only relevant for buyers of detached homes**
 - D. It can be ignored if the buyer is not interested**
- 7. What type of contingency should be included if a buyer wants to ensure they can build on a property?**
- A. Home inspection contingency**
 - B. Contract contingency**
 - C. Financing contingency**
 - D. Title contingency**
- 8. What is the common name for the Texas Real Estate Commission?**
- A. The Board**
 - B. The Commission**
 - C. The Organization**
 - D. The Authority**
- 9. How may a buyer obtain the right to evaluate the property they are interested in?**
- A. They can pay the termination option fee directly to the seller**
 - B. They can apply for a loan with the bank**
 - C. They can hire an attorney to negotiate**
 - D. They can get a verbal agreement from the seller**
- 10. Wendy, the potential buyer, has an option fee attached to her offer. During the option period, she has all of the following options with the exception of:**
- A. Negotiating repairs with the seller**
 - B. Requesting a home inspection**
 - C. Obtaining an option refund within 10 days of paying the option fee**
 - D. Cancelling the contract without penalty**

Answers

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

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Explanations

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1. What happens if a lease has not been executed before a seller moves out?

- A. The buyer cannot occupy the property**
- B. The seller must pay penalties**
- C. The seller is still responsible for the property**
- D. Moving out is legally binding**

In real estate transactions, if a seller has not executed a lease before moving out of the property, it leads to a situation where the buyer may not have the legal right to occupy the property immediately. A lease typically outlines the terms under which an individual can occupy a property, including the rights and responsibilities of both the landlord and the tenant. If no lease is in place, there is no formal agreement that grants the buyer the right to the property for occupancy purposes, even if the sale has been agreed upon. This scenario highlights the importance of ensuring that all legal agreements are in place prior to moving out, as it protects both parties and clarifies their rights. The other options suggest consequences that aren't directly tied to the absence of a lease regarding the seller's responsibilities or the legal implications of moving out without a lease. Thus, the primary concern remains with the buyer's inability to occupy the property without a formal agreement, which emphasizes the necessity of an executed lease for establishing occupancy rights.

2. Who is responsible for ensuring the terms of a contract are met after it has been signed?

- A. The seller**
- B. The buyer**
- C. Both parties**
- D. The notary**

In a contract, both parties hold mutual responsibilities to ensure that the terms and conditions agreed upon are met after the document is signed. A contract is a legally binding agreement, and once it is executed, each party commits to fulfilling their respective obligations as outlined in the contract. This means that if either the seller or the buyer fails to fulfill their part of the agreement, they may be held liable for breach of contract. Consequently, both parties have a vested interest in ensuring compliance and addressing any issues that may arise during the performance of the contract. This collaborative responsibility underscores the importance of communication and cooperation in the contractual relationship.

3. Jane Chen's focus on showing homes in the Asian section of town exemplifies which practice?

- A. Steering**
- B. Market segmentation**
- C. Target marketing**
- D. Fair housing compliance**

Jane Chen's focus on showing homes in the Asian section of town exemplifies steering. Steering is an unethical practice in real estate where agents guide prospective buyers towards or away from certain neighborhoods based on their race, ethnicity, or other protected characteristics. This behavior can limit the housing options available to individuals and is contrary to fair housing laws, which mandate that all buyers should have equal access to housing opportunities regardless of their background. When a real estate agent focuses exclusively on a particular demographic, such as showing homes only in areas predominantly populated by that demographic, it indicates a conscious effort to steer clients based on their identity. This practice is considered discriminatory and violates the principles of fair housing, which aim to provide equal treatment to all individuals in the housing market. Understanding steering is crucial to ensure compliance with fair housing laws, which promote diversity and equality in housing access. In contrast, market segmentation and target marketing are legitimate marketing strategies aimed at efficiently reaching specific consumer groups without implying discriminatory practices based on protected characteristics. Fair housing compliance ensures that agents operate within the law to prevent discriminatory actions like steering.

4. Aaron, the buyer, tells the seller he is selling the property "as is". What should the buyer insist on before agreeing to the sale?

- A. A written agreement**
- B. A thorough inspection**
- C. Full disclosure**
- D. A title check**

In a real estate transaction where the seller indicates that the property is being sold "as is," it becomes crucial for the buyer to obtain full disclosure regarding the property's condition. This means that the seller should provide any known defects, issues, or relevant information about the property that could affect its value or safety. When a property is sold "as is," it typically implies that the buyer accepts the current state of the property without expecting any repairs or improvements from the seller. Therefore, before moving forward with the sale, the buyer should insist on complete transparency about what issues may exist. Full disclosure helps the buyer make an informed decision, understanding the risks and potential expenses they may incur after the purchase. While a written agreement, a thorough inspection, and a title check are all important elements of a real estate transaction, they do not specifically address the implications of buying a property "as is." The necessity for full disclosure becomes even more critical in such scenarios to ensure that the buyer is aware of any potential hidden problems that could lead to costly repairs or other issues down the line.

5. What can Mary require to clarify the fence line issue when buying a farm?

- A. A survey contingency paid by the buyer**
- B. A survey contingency paid by the seller**
- C. A fence inspection before purchase**
- D. A legal description of the property**

Mary can require a survey contingency paid by the seller to clarify the fence line issue when buying a farm. A survey contingency is a clause that allows the buyer to obtain a property survey to determine the exact boundaries of the property. This is particularly important in situations where there is uncertainty about property lines and potential encroachments, such as fences that may not align with the legal boundaries of the property. By having the seller cover the cost of the survey, Mary can alleviate her financial burden while ensuring that the property is accurately represented and that any issues regarding the fence line are resolved before the sale is finalized. This contingency protects her interests and provides a clear understanding of what she is purchasing, ultimately facilitating a more informed decision. While other options may relate to understanding the property better, such as inspecting the fence or obtaining a legal description, they do not address the need for a precise determination of boundary lines in the same way that a survey contingency does.

6. Which statement is true regarding the information in the Condominium Resale Certificate?

- A. It does not require seller's personal information**
- B. It includes the amount due for special assessments**
- C. It is only relevant for buyers of detached homes**
- D. It can be ignored if the buyer is not interested**

The statement that the Condominium Resale Certificate includes the amount due for special assessments is indeed true. This certificate is designed to provide prospective buyers with critical financial and operational information about the condominium association. One of its key functions is to disclose any outstanding amounts that the seller might need to pay, particularly concerning special assessments. Special assessments are additional fees that condominiums may levy on owners to cover unexpected expenses or major repairs not covered by the regular assessments. As such, this information is vital for buyers to understand their potential financial obligations before proceeding with a purchase. The other assertions do not align with the purpose and content of the Condominium Resale Certificate. For instance, the document may include seller information to facilitate verification and ownership change processes. Stating that it is only relevant for buyers of detached homes is inaccurate, as the certificate is specifically tailored for condominium units. Lastly, ignoring the certificate can lead to uninformed decisions, as buyers could overlook important details about potential costs or issues related to the property. Thus, understanding the contents of the Condominium Resale Certificate, particularly the inclusion of special assessments, is critical for prospective buyers in the condominium market.

7. What type of contingency should be included if a buyer wants to ensure they can build on a property?

A. Home inspection contingency

B. Contract contingency

C. Financing contingency

D. Title contingency

The correct choice in this scenario is to include a contract contingency. A contract contingency is a clause that allows the buyer to back out of the agreement if certain conditions are not met. In this case, if a buyer wants to ensure they can build on the property, a contract contingency would provide the necessary protection by enabling the buyer to withdraw from the purchase if they are unable to secure the needed permits or if zoning regulations do not allow for their intended use. This type of contingency is particularly vital when a buyer's ability to build on the land is reliant on external factors such as local government approvals, zoning laws, or other regulatory requirements. By including a contract contingency, the buyer can safeguard their investment and avoid being locked into a deal that could potentially lead to complications or financial loss. Other options, although relevant in real estate transactions, do not specifically address the buyer's concern about building on the property. A home inspection contingency pertains to the condition of the home itself, a financing contingency relates to the buyer's ability to secure funding for the purchase, and a title contingency addresses issues with the property title, such as liens or easements. None of these directly ensure that the buyer can execute their desired building plans on the property.

8. What is the common name for the Texas Real Estate Commission?

A. The Board

B. The Commission

C. The Organization

D. The Authority

The common name for the Texas Real Estate Commission is indeed "The Commission." This term is widely used within the real estate industry in Texas to refer to the regulatory body responsible for overseeing real estate transactions and licensing professionals in the field. The Commission is in place to protect the interests of consumers and ensure that real estate practices adhere to established laws and regulations. Using "The Commission" fosters a clear and recognizable identity, distinguishing it from other entities that could use terms like "Authority" or "Board." In professional and legal contexts, adherence to terminology such as "The Commission" is essential for clarity in communication, ensuring that all parties involved clearly understand which organization is being referenced, thereby facilitating compliance and regulatory processes within the real estate sector.

9. How may a buyer obtain the right to evaluate the property they are interested in?

- A. They can pay the termination option fee directly to the seller**
- B. They can apply for a loan with the bank**
- C. They can hire an attorney to negotiate**
- D. They can get a verbal agreement from the seller**

A buyer may obtain the right to evaluate the property they are interested in by paying the termination option fee directly to the seller. This fee is stipulated in the contract and allows the buyer a designated period to conduct inspections and evaluations of the property. By paying this fee, the buyer secures the right to terminate the contract if they discover any issues or if they decide not to proceed with the purchase for any reason during this evaluation phase. This option is fundamental in real estate transactions, as it provides protection for buyers by allowing them to assess the property thoroughly before committing to the purchase. The other options do not relate directly to obtaining the right to evaluate the property. Applying for a loan with a bank helps the buyer with financing but does not secure their evaluation rights. Hiring an attorney for negotiations may provide assistance during the process, but this action alone does not grant the buyer the ability to inspect or evaluate the property. Lastly, obtaining a verbal agreement from the seller lacks the enforceability and clarity that a written contract including a termination option fee provides. Thus, transacting through the proper legal framework established in the contract is essential for ensuring that evaluation rights are officially recognized.

10. Wendy, the potential buyer, has an option fee attached to her offer. During the option period, she has all of the following options with the exception of:

- A. Negotiating repairs with the seller**
- B. Requesting a home inspection**
- C. Obtaining an option refund within 10 days of paying the option fee**
- D. Cancelling the contract without penalty**

When a potential buyer like Wendy includes an option fee with her offer, it establishes an option period during which she has specific rights. This period typically allows her to conduct due diligence, such as negotiating repairs with the seller or requesting a home inspection, to assess the property further. Opting for a refund of the option fee within 10 days of payment is not typically a feature of the option agreement. The option fee is generally non-refundable, which means that once Wendy pays this fee, she does not have the right to reclaim it, regardless of her decision to proceed or cancel the contract. Thus, she can cancel the contract without penalty during the option period, but the option fee does not get refunded. Understanding this dynamic of the option fee and the rights associated with the option period is crucial for buyers to make informed decisions in a real estate transaction.

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://trecpromulgatedcontract.examzify.com>

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