

TREC Promulgated Contract 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. What begins the requirement to make a contract valid when a buyer agrees to purchase a property?**
 - A. Offer and acceptance**
 - B. Mutual consent**
 - C. Consideration**
 - D. Written agreement**

- 2. What happens when a third counteroffer is accepted?**
 - A. It is considered a proposal**
 - B. It highlights a breach of contract**
 - C. It becomes a contract with legal implications**
 - D. It terminates all previous offers**

- 3. Under Texas law, protection of familial status would NOT apply to which of the following?**
 - A. Adoptive parents**
 - B. Foster parents**
 - C. Biological parents**
 - D. Step-parents**

- 4. What does a general warranty deed guarantee for the buyer?**
 - A. The property is free of debts**
 - B. The property is always in perfect condition**
 - C. The seller has clear title to the property**
 - D. The property will appreciate in value**

- 5. What must happen once a real estate contract is formed?**
 - A. Only one party must perform**
 - B. Both parties must perform**
 - C. The terms must be renegotiated**
 - D. A third party must be notified**

6. What is the primary purpose of the TREC short sale addendum?

- A. To notify lenders about a pending sale**
- B. To authorize the sale under market value**
- C. To detail terms of seller financing**
- D. To list miscellaneous personal items**

7. What type of risk may a broker encounter if they do not advise clients accurately on mineral rights?

- A. Legal repercussions**
- B. Increased transaction costs**
- C. Time delays in closing**
- D. Negative client reviews**

8. Tess, the broker for the seller, learns her client knows there are undisclosed defects on the property. What are the legal ramifications?

- A. Only the seller could be liable**
- B. Only Tess could be liable**
- C. Both Tess and the seller could be liable**
- D. The buyer should be informed**

9. Who collaborates with the Texas Real Estate Commission to draft the real estate promulgated forms?

- A. The Real Estate Broker-Lawyer Committee**
- B. The Texas Bar Association**
- C. A group of independent real estate agents**
- D. The Texas Association of Realtors**

10. Which exception allows to deviate from using TREC promulgated forms in real estate transactions?

- A. If the seller is also a licensed real estate agent**
- B. If a licensed attorney drew up a custom contract for a client**
- C. If the transaction involves only cash payments**
- D. If the home is priced under market value**

Answers

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

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Explanations

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1. What begins the requirement to make a contract valid when a buyer agrees to purchase a property?

- A. Offer and acceptance**
- B. Mutual consent**
- C. Consideration**
- D. Written agreement**

The concept of offer and acceptance is fundamental to the formation of a valid contract, especially in real estate transactions. The process begins when one party (the buyer) makes a proposal to purchase property, which is the "offer." For a contract to be valid, the other party (the seller) must agree to the terms outlined in that offer, representing "acceptance." This mutual agreement establishes the intent of both parties to enter into a binding contract. While other elements like mutual consent, consideration, and a written agreement also play crucial roles in formalizing contracts, the initial step that validates the relationship is the offer and acceptance. Without this clear communication of an offer and a corresponding acceptance, there can be no enforceable contract, regardless of the other components that may follow.

2. What happens when a third counteroffer is accepted?

- A. It is considered a proposal**
- B. It highlights a breach of contract**
- C. It becomes a contract with legal implications**
- D. It terminates all previous offers**

When a third counteroffer is accepted, it becomes a binding contract with legal implications. In the context of contract law, a counteroffer is a response to an original offer that alters the terms and conditions. Accepting a counteroffer means that both parties agree to the specific terms laid out in that counteroffer, creating a legally enforceable agreement. This legal relationship typically obligates both parties to fulfill the terms agreed upon. Once the third counteroffer is accepted, it supersedes prior offers and negotiations, establishing the final terms of the deal. The acceptance not only solidifies the agreement but also provides legal protections and obligations for both parties involved. Understanding that an accepted counteroffer results in a contract helps participants in real estate and other negotiations recognize the significance of every response they make and the importance of clearly defining their terms to avoid misunderstandings.

3. Under Texas law, protection of familial status would NOT apply to which of the following?

- A. Adoptive parents**
- B. Foster parents**
- C. Biological parents**
- D. Step-parents**

Familial status protection under Texas law, as well as federal law, encompasses individuals who are pregnant, have custody of or are in the process of acquiring custody of a minor child. This protection specifically includes biological parents, adoptive parents, and step-parents because they have a direct legal or familial relationship with children. Foster parents, while they may care for children in need, do not have the same legal relationship as the above groups. The law typically provides protection based on the legal custodianship or familial bonds of a child, and foster care arrangements are different, involving a temporary care situation rather than a permanent legal or familial status. Therefore, under the context of familial status protections, foster parents would not be covered in the same manner as the other categories listed, making this option stand out as not applying under the law.

4. What does a general warranty deed guarantee for the buyer?

- A. The property is free of debts**
- B. The property is always in perfect condition**
- C. The seller has clear title to the property**
- D. The property will appreciate in value**

A general warranty deed is a legal document that provides significant assurances to the buyer about the property's title. By selecting the option stating that the seller has clear title to the property, you are recognizing one of the key assurances provided by this type of deed. When a buyer receives a general warranty deed, the seller is promising that they own the property outright and have the right to sell it. This means the title is not only valid and free from any undisclosed claims, but it is also guaranteed against any issues that may arise, even those that occurred before the seller took possession. The seller is responsible for defending the title against any claims that may come up, further solidifying the protection provided to the buyer. In this context, the other options do not accurately reflect the guarantees made by a general warranty deed. For example, the deed does not ensure that the property is free of debts—that depends on the seller's financial situation and existing liens. Additionally, it does not promise that the property is always in perfect condition nor does it guarantee that the property will appreciate in value, as these are influenced by market conditions and not by the deed itself.

5. What must happen once a real estate contract is formed?

- A. Only one party must perform
- B. Both parties must perform**
- C. The terms must be renegotiated
- D. A third party must be notified

Once a real estate contract is formed, both parties are legally obligated to perform according to the terms agreed upon in the contract. This mutual obligation is a fundamental element of contract law, known as "bilateral obligation," which means that the responsibilities and duties specified in the contract must be fulfilled by all parties involved to ensure the contract's enforceability. In real estate transactions, this typically involves the seller fulfilling their obligation to transfer ownership of the property and the buyer making the agreed payment in exchange. If either party fails to perform as required, it may result in a breach of contract, which can lead to legal consequences, including potential damages or specific performance remedies. Therefore, both parties must act according to the contract for it to be upheld legally.

6. What is the primary purpose of the TREC short sale addendum?

- A. To notify lenders about a pending sale
- B. To authorize the sale under market value**
- C. To detail terms of seller financing
- D. To list miscellaneous personal items

The primary purpose of the TREC short sale addendum is to authorize the sale under market value. When a property is sold as a short sale, it means that the seller owes more on the property than its current market value and seeks the lender's permission to sell it for less than the outstanding mortgage balance. The short sale addendum outlines the understanding between the buyer and seller regarding the necessity of obtaining lender approval for selling the property at this reduced price. It reflects the reality of the financial situation and sets the stage for negotiating with lenders to accept the lower amount. By including this addendum, parties acknowledge the unique aspects of the transaction and establish the terms that are specific to short sales. This understanding is crucial, as selling below market value without lender consent can lead to legal and financial complications.

7. What type of risk may a broker encounter if they do not advise clients accurately on mineral rights?

- A. Legal repercussions**
- B. Increased transaction costs**
- C. Time delays in closing**
- D. Negative client reviews**

Choosing legal repercussions as the appropriate risk highlights a significant aspect of a broker's role in advising clients. Brokers have a fiduciary duty to provide accurate information, which includes clarifying the implications of mineral rights in real estate transactions. Failure to accurately advise clients may lead to legal liability if clients feel misled or if there are disputes regarding ownership, rights transfer, or potential income from mineral extraction. Legal repercussions can manifest in various forms, such as lawsuits from clients seeking damages for losses incurred due to the broker's negligence or failure to disclose essential information. Additionally, if the broker's actions or omissions are found to be negligent or deceptive, regulatory bodies may impose further penalties, which could include fines or even loss of professional licenses. While the other options—such as increased transaction costs, time delays in closing, and negative client reviews—are certainly valid concerns that can arise in the course of business, they do not carry the same level of potential legal severity as the risk of facing legal repercussions. Correctly advising clients on complex issues like mineral rights is crucial not just for ensuring smooth transactions, but also for protecting the broker from legal challenges that could arise from their professional conduct.

8. Tess, the broker for the seller, learns her client knows there are undisclosed defects on the property. What are the legal ramifications?

- A. Only the seller could be liable**
- B. Only Tess could be liable**
- C. Both Tess and the seller could be liable**
- D. The buyer should be informed**

When Tess learns that her client, the seller, is aware of undisclosed defects on the property, both she and the seller bear potential legal liability. In real estate transactions, agents have a fiduciary duty to act in the best interests of their clients, but they are also obligated to disclose material facts that could affect the buyer's decision. If the seller knows of defects and fails to disclose them, it could lead to claims of misrepresentation or fraud. Simultaneously, because Tess is aware of this information and does not disclose it, she can also be held liable for not fulfilling her responsibilities as a broker. This dual liability arises because both the seller's non-disclosure and Tess's failure to ensure that necessary information is communicated to potential buyers represent violations of both ethical duties and legal obligations concerning transparency in real estate transactions. Therefore, in this case, both the seller and Tess could face legal repercussions for the undisclosed defects, establishing their shared responsibility in the matter.

9. Who collaborates with the Texas Real Estate Commission to draft the real estate promulgated forms?

A. The Real Estate Broker-Lawyer Committee

B. The Texas Bar Association

C. A group of independent real estate agents

D. The Texas Association of Realtors

The Real Estate Broker-Lawyer Committee plays a crucial role in drafting the real estate promulgated forms in Texas. This committee is a specialized group that comprises both real estate brokers and lawyers, ensuring that the forms are not only practical for real estate transactions but also compliant with legal standards. This collaboration allows for well-crafted documents that address the needs of both real estate professionals and consumers, facilitating smoother transactions. The involvement of the Real Estate Broker-Lawyer Committee underscores the importance of having expertise from both the real estate and legal fields to produce forms that are clear, effective, and protect the interests of all parties involved. Other potential collaborators, such as the Texas Bar Association, independent real estate agents, or the Texas Association of Realtors, do not have the same direct involvement or specific mandate in the creation of these promulgated forms.

10. Which exception allows to deviate from using TREC promulgated forms in real estate transactions?

A. If the seller is also a licensed real estate agent

B. If a licensed attorney drew up a custom contract for a client

C. If the transaction involves only cash payments

D. If the home is priced under market value

The option stating that a licensed attorney drew up a custom contract for a client is the correct choice because Texas law allows attorneys to prepare their own legal contracts, including those used in real estate transactions. When an attorney is engaged to draft a contract, they can tailor the document specifically to the needs and circumstances of their client, which may require unique terms not covered by the standard TREC promulgated forms. Utilizing TREC forms is typically encouraged for their consistency and legal compliance with state laws; however, when a qualified attorney is involved, the need for adherence to these standardized forms can be bypassed in favor of custom agreements that may better suit the specific situation at hand. In contrast, the other options do not provide valid exceptions as they are not based on the legal ability to create alternative contracts. For example, having a seller who is also a licensed real estate agent does not grant authority to deviate from TREC forms. Similarly, transactions involving cash payments or homes priced under market value do not constitute reasons for not using standardized forms; the standard contracts are still applicable regardless of payment type or property value. Thus, engaging an attorney for custom contracts is the only legitimate exception mentioned.

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!

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