

TREC PROMULGATED CONTRACT PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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. 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. 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
- 2. Who would likely not be knowledgeable of endorsements regarding a title insurance policy?**
 - A. The buyer
 - B. The seller
 - C. The insurance agent
 - D. The title company
- 3. What is defined as the date the deed will be recorded with the county?**
 - A. Closing Date
 - B. Inspection Date
 - C. Acceptance Date
 - D. Listing Date
- 4. If a vacancy occurs on the Broker-Lawyer Committee, who appoints a new member?**
 - A. The Texas Real Estate Commission
 - B. The entity making the original appointment
 - C. The Governor's office
 - D. The Department of Public Safety
- 5. What occurs if the seller does not address required deficiencies before closing?**
 - A. It affects their credit score
 - B. It is addressed in the closing statement of the contract
 - C. The buyer can withdraw their offer
 - D. A new closing date is set

- 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 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
- 8. What function does escrow serve in a real estate transaction?**
- A. Acts as a repository for all fees
 - B. Holds funds and documents until requirements are fulfilled
 - C. Provides legal advice during the transaction
 - D. Facilitates the closing process
- 9. 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
- 10. Which statement best describes the role of brokers in real estate transactions?**
- A. Brokers act as intermediaries with full authority
 - B. Brokers represent their clients as special agents
 - C. Brokers are general agents with unlimited powers
 - D. Brokers manage properties as their own

Answers

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

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Explanations

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1. 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.

2. Who would likely not be knowledgeable of endorsements regarding a title insurance policy?

- A. The buyer**
- B. The seller
- C. The insurance agent
- D. The title company

The answer identifies the buyer as the party who would likely not be knowledgeable of endorsements regarding a title insurance policy. This is reasonable because buyers are often less involved in the technical details of the title insurance process compared to other parties. Buyers typically rely on their real estate agents or attorneys for guidance and may not have a comprehensive understanding of the legal intricacies or the specific endorsements that can be attached to a title insurance policy. In contrast, the seller, the insurance agent, and the title company are all roles that are more directly engaged with understanding the complexities of title insurance policies, including endorsements, which provide additional coverage or modify the terms of the policy. The seller has an interest in ensuring the title is clear for the transaction, while the insurance agent and title company are specifically tasked with handling the insurance aspects and would be well-versed in the details of endorsements. Thus, the buyer is the most likely party to have limited knowledge in this context.

3. What is defined as the date the deed will be recorded with the county?

- A. Closing Date
- B. Inspection Date
- C. Acceptance Date
- D. Listing Date

The correct answer is the Closing Date, which refers to the specific date on which the transaction is finalized and the deed is officially recorded with the county. This is a crucial milestone in real estate transactions, as it marks the point at which ownership of the property is legally transferred from the seller to the buyer. Recording the deed with the county serves several purposes: it provides public notice of the change in ownership, establishes a public record of the transaction, and helps protect the buyer's interests in the property. Once recorded, the deed becomes part of the official public record, which can be referenced in the future for various legal and administrative purposes. Understanding the significance of the Closing Date is essential for all parties involved in the real estate transaction, as it confirms the completion of the sale and sets the timelines for other related processes, such as the transfer of funds and possession of the property. It is distinct from other dates like the Inspection Date, which is typically related to the buyer's opportunity to conduct evaluations of the property, the Acceptance Date, which indicates when the seller agrees to the buyer's offer, and the Listing Date, which refers to when the property is officially listed for sale.

4. If a vacancy occurs on the Broker-Lawyer Committee, who appoints a new member?

- A. The Texas Real Estate Commission
- B. The entity making the original appointment
- C. The Governor's office
- D. The Department of Public Safety

The appointment of a new member to the Broker-Lawyer Committee in the event of a vacancy is made by the entity that originally appointed that member. This process ensures continuity and alignment with the original intent behind the selection, maintaining the expertise and perspective that the committee is expected to bring to its operations. Each appointing entity has an understanding of the requirements and objectives for their appointed member, allowing for a more seamless transition when filling vacancies. The Texas Real Estate Commission, the Governor's office, and the Department of Public Safety do not typically play roles in this specific appointment process, which is why their involvement is not applicable in this context. The focus on the original appointing entity underscores the importance of delegation of authority and responsibility within the established framework of the committee.

5. What occurs if the seller does not address required deficiencies before closing?

- A. It affects their credit score
- B. It is addressed in the closing statement of the contract**
- C. The buyer can withdraw their offer
- D. A new closing date is set

The correct choice indicates that any required deficiencies not addressed by the seller before closing will be accounted for in the closing statement of the contract. This means that the financial aspects of the transaction may be adjusted to reflect these deficiencies, ensuring that both parties are aware of any unresolved issues. This is crucial as it helps protect the buyer's interests and ensures that all terms agreed upon during negotiations are transparent at the time of closing. In real estate transactions, the closing statement is a critical document that outlines the final details of the agreement, including the distribution of funds and any credits or debits that may apply due to conditions of the property that were not remedied before the closing date. This allows the buyer to understand fully what they are agreeing to and what their final financial responsibility will be, given the condition of the property at the time of closing. The other options do not address the contractual obligations and processes established in the TREC Promulgated Contract. For instance, the seller's credit score or the setting of a new closing date do not directly pertain to how deficiencies are legally handled in a real estate contract.

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 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.

8. What function does escrow serve in a real estate transaction?

- A. Acts as a repository for all fees
- B. Holds funds and documents until requirements are fulfilled**
- C. Provides legal advice during the transaction
- D. Facilitates the closing process

In a real estate transaction, the role of escrow is crucial as it involves holding funds and documents in a secure and neutral location until all requirements and conditions of the transaction are fulfilled. This helps ensure that neither party has an unfair advantage during the process. The escrow agent acts as a trustworthy intermediary who manages the transaction, safeguarding the buyer's deposit as well as any necessary documents like the deed or title. This arrangement protects all parties involved by ensuring that the buyer's funds are only released to the seller once all contractual obligations have been satisfied, such as inspections, repairs, or financing approvals. By coordinating the necessary steps and confirming that all prerequisites are met before funds or documents change hands, escrow helps facilitate a smooth closing process and minimizes potential conflicts or misunderstandings. In contrast to other choices, escrow does not function primarily as a repository for all fees, provide legal advice, or directly facilitate the closing process itself, although it plays a key role in the closing by ensuring that all terms of the agreement have been upheld before finalizing the transaction. Thus, the primary function of escrow is best captured by the role of holding funds and documents until requirements are fulfilled.

9. 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.

10. Which statement best describes the role of brokers in real estate transactions?

- A. Brokers act as intermediaries with full authority
- B. Brokers represent their clients as special agents**
- C. Brokers are general agents with unlimited powers
- D. Brokers manage properties as their own

The accurate description of the role of brokers in real estate transactions is that brokers represent their clients as special agents. This means that brokers have the authority to act on behalf of their clients in specific transactions, following the instructions provided by their clients. Special agency limits the scope of the broker's authority to the specific tasks outlined in the agency agreement, such as negotiating terms or facilitating the sale or lease of a property. Brokers serve key functions like marketing properties, helping clients set appropriate prices, and facilitating negotiations, all while adhering to their clients' best interests. They do not possess unlimited authority, which would be the case with a general agent; instead, they operate under defined parameters set by their clients. This delineation is crucial, as it ensures that brokers maintain a clear agency relationship, safeguarding both the interests of their clients and the integrity of the transaction.

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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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