Texas Real Estate Exam — 25 Free Practice Questions

National & Texas State Portions · A Free Sample of the 500-Question Bank · 2026 Edition

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BEFORE YOU BEGIN

How the Real Exam Works

The Texas real estate sales agent licensing exam, administered by Pearson VUE, has **125 questions**: 85 covering the national portion and 40 covering the Texas state portion. The catch that fails many candidates: you must score at least **70% on EACH portion separately** — a strong national score cannot rescue a weak Texas score, and the short Texas portion is heavily weighted toward TRELA, TREC rules, and the promulgated contract forms.

About this free sample

These 25 questions — 17 national and 8 Texas state, drawn from across the exam's topics — are a taste of the full 500-question practice bank. They are written the way the real exam is written: scenario stems, close distractors, and questions where more than one answer looks right and you have to choose the BEST one. Work each question before checking the Answer Key at the back; every key entry gives the correct letter and a full explanation.

These are original practice questions written to the published exam content outline. They are not actual exam questions.

National Portion

Real Estate Calculations

1. [N321] A seller prepaid a full year of homeowner's insurance, $1,800, on January 1. The sale closes on March 31, with the seller responsible for insurance through the day of closing, and the policy transfers to the buyer. How much is credited to the seller at closing for the unused insurance?

A. $1,350
B. $450
C. $1,800
D. $150

2. [N322] A tenant paid $2,400 in monthly rent to the seller on the 1st. The sale of the property closes on the 15th of the month, and the seller is credited with rent through the day of closing. Using a 30-day month, how much rent is credited to the buyer at closing?

A. $800
B. $2,400
C. $1,600
D. $1,200

3. [N340] A seller prepaid the full year's homeowners association dues of $1,200 on January 1. The sale closes on September 30, with the seller responsible for dues through the day of closing. How much is credited to the seller at closing for the prepaid dues?

A. $900
B. $100
C. $300
D. $1,200

Property Ownership & Land Use

4. [N112] An owner grants land 'to a church, but if liquor is ever sold on the premises, the grantor may re-enter and terminate the estate.' The church later sells liquor at a fundraiser and the grantor does nothing for a year, then seeks to reclaim the land. The grantor's estate is a fee simple subject to a condition subsequent, which means:

A. The estate ended automatically the moment liquor was sold, so the grantor needs no action
B. The estate does not end automatically; the grantor must take action to enforce the right of entry
C. The condition is void because conditions subsequent are never enforceable
D. Title passed to the state by escheat when the condition was broken

5. [N107] A zoning board rezones one single small lot in the middle of a residential block to permit a warehouse, solely to benefit that lot's owner and inconsistent with the comprehensive plan and surrounding uses. This action is best described as:

A. A lawful nonconforming use
B. Spot zoning, which is generally held invalid
C. A conditional use permit
D. A buffer zone

Valuation & Market Analysis

6. [N123] A landlord keeps adding luxury amenities to an apartment building. At first each addition raises total value by more than it costs, but eventually further additions add less value than they cost. The point where additions stop adding value equal to their cost illustrates:

A. The principle of substitution, which caps all values at replacement cost

B. External obsolescence, which the landlord can cure by spending more

C. The principle of conformity, which forbids improvements above neighborhood standards

D. The principle of increasing and decreasing returns — beyond a certain point, additional investment yields diminishing value

7. [N131] An appraiser using the cost approach chooses to estimate the cost of constructing a building with the same utility as the subject but using modern materials and current construction methods, rather than an exact replica. The appraiser is estimating:

A. Reproduction cost

B. Historical cost

C. Replacement cost

D. Depreciated cost

Financing

8. [N149] A borrower with a conventional loan has paid the balance down to 80% of the home's original value and is current on payments. Under federal law, what may the borrower do about private mortgage insurance (PMI)?

A. The borrower must wait until the loan is paid in full

B. PMI can never be cancelled on a conventional loan

C. The borrower may request cancellation when the balance reaches 80% of the original value

D. The lender must cancel PMI as soon as the borrower has made 12 payments

9. [N165] A lender refuses to count a loan applicant's regular public assistance income when evaluating the application, even though the income is stable. Which law has the lender most likely violated?

A. The lender violated no law because the income is not from employment

B. The lender acted properly because only wage income may be considered

C. The lender violated the Equal Credit Opportunity Act

D. The lender violated RESPA's kickback prohibition

Contracts

10. [N235] A buyer signs a contract and then simply ignores the inspection deadline, orders no inspection, and later tries to cancel based on the inspection contingency. The seller's strongest argument is that the buyer:

A. Committed fraud

B. Created a novation

C. Waived or lost the contingency by failing to act within its deadline

D. Automatically breached by ordering no inspection in any contract

11. [N234] A buyer's contract contains a financing contingency. The buyer applies promptly but is denied a loan within the contingency period and gives timely notice as the contract requires. Generally, the buyer may:

A. Forfeit the entire purchase price

B. Terminate the contract under the contingency and recover the earnest money as the contract provides

C. Be forced to pay cash at closing

D. Automatically receive a 90-day extension

Agency

12. [N187] A listing agent quietly arranges for a relative to buy the listed property at a discount without telling the seller of the relationship, and the agent shares in the relative's later resale profit. The agent has breached the duty of:

A. Reasonable care, because the price might have been higher

B. Loyalty, because the agent made an undisclosed secret profit and put personal interests first

C. Accounting, because the earnest money was mishandled

D. Obedience, because the agent disobeyed a direct instruction

13. [N176] A licensee, without authority, signs a document committing the seller to a service contract. The seller learns all the facts, says nothing, and accepts the benefits of the contract. The seller's acceptance creates agency by:

A. Agency by estoppel

B. Implied agency

C. Agency coupled with an interest

D. Agency by ratification

Property Disclosures

14. [N199] A seller knows the basement floods after heavy rain, but the basement is dry at every showing. The seller paints over the water stains and says nothing. This conduct is best described as:

A. Acceptable staging

B. Puffing

C. Active concealment of a latent defect

D. Caveat emptor, which protects the seller

Transfer of Title

15. [N286] A rental house closes on June 15. The tenant had prepaid the full June rent of $1,800 (30-day month) to the seller on June 1. The buyer is entitled to the rent for the 15 days remaining in June after closing. What rent credit does the buyer receive?

A. $1,800

B. $600

C. $900

D. $1,200

Leasing & Property Management

16. [N269] In many commercial leases, a tenant's monthly bill includes base rent plus a proportionate share of the building's taxes, insurance, and upkeep of shared areas such as parking lots and lobbies. Those shared-area charges are called:

- **A.** Percentage rent
- **B.** Common area maintenance (CAM) charges
- **C.** Security deposits
- **D.** Escalation deposits

Practice of Real Estate

17. [N299] A landlord advertises a two-bedroom apartment and tells an applicant couple, 'We don't rent to people with children — kids make too much noise.' Unless the property qualifies as housing for older persons, the landlord's refusal violates federal law because of the applicants':

- **A.** Familial status
- **B.** Age
- **C.** Marital status
- **D.** Occupation

Texas State Portion

TRELA & TREC Rules

18. [S43] A seller tells a broker, “List my house so that I receive exactly $300,000; you may keep anything above that as your commission.” Under 22 TAC §535.16, a Texas broker may take this net listing only if:

A. The seller signs a separate net-listing waiver acknowledging the conflict of interest

B. The principal requires the net listing, appears familiar with current market values, the agreement assures the principal at least the desired price, and the broker's commission is capped at a stated maximum

C. TREC approves the net listing in advance on a case-by-case basis

D. The broker discloses the net arrangement to every buyer who tours the home

Agency in Texas

19. [S84] A broker represents the seller. An unrepresented buyer asks the broker to write up an offer on the seller's property. The broker may help prepare the contract, but must make clear that:

A. Helping with the paperwork makes the broker the buyer's agent

B. The buyer is now a client because the broker prepared the contract

C. The broker must refuse to prepare any paperwork for a customer

D. The broker represents the seller, not the buyer, and the buyer is a customer who may wish to obtain their own representation

Promulgated Contract Forms

20. [S99] A buyer timely objects to a title defect under Paragraph 6D of the TREC contract, and the seller does not cure it within the 15-day Cure Period. Within how many days after the Cure Period ends must the buyer give notice of termination to preserve that right?

A. 3 days

B. 7 days

C. 5 days

D. 10 days

IABS & Disclosures

21. [S114] A seller delivers the Seller's Disclosure Notice to the buyer after the sales contract has already been executed. Under Property Code Section 5.008, the buyer may terminate the contract for any reason within how many days after receiving the notice (or before closing, whichever comes first)?

A. 3 days

B. 5 days

C. 10 days

D. 7 days

Option Period & Earnest Money

22. [S122] A buyer delivers one combined payment to the escrow agent that is less than the total of the option fee and earnest money owed. Under Paragraph 5A(3) of TREC Form 20-19, the escrow agent must apply the money in which order?

A. First to the option fee, then to the earnest money, then to any additional earnest money

B. First to the earnest money, then to the option fee, then to any additional earnest money

C. Equally between the option fee and the earnest money

D. To whichever amount the buyer designates on the check

Landlord-Tenant Law

23. [S136] A Texas tenant complains in good faith to a city inspector about a code violation. The landlord then files to evict the tenant. Under Texas Property Code §92.331, the landlord's action may be unlawful retaliation if it occurs:

A. Within six months after the tenant exercises a right or complains in good faith

B. Within 30 days after the tenant complains

C. Only during the first year of the tenancy

D. Retaliation is never prohibited in Texas residential leases

Texas Homestead

24. [S153] A Texas homeowner takes a two-year job assignment in another state and rents out the family home, without buying or claiming another homestead. What is the effect on the home's homestead character under Texas Property Code §41.003?

A. Renting the homestead for any period automatically abandons it

B. Temporarily renting the homestead does not change its character if the owner has not acquired another homestead

C. Renting the homestead converts it to community property

D. The homestead is abandoned unless the owner lives there every night

Community Property

25. [S157] During the marriage, a Texas wife is injured in a car accident and recovers a settlement for her pain and suffering and for wages she lost while unable to work. How is the recovery classified under Texas Family Code §3.001?

A. The entire settlement is community property in all cases

B. The entire settlement is the injured spouse's separate property, with no exceptions

C. The recovery is the injured spouse's separate property, except the portion for loss of earning capacity during the marriage

D. The recovery belongs to whichever spouse's name is on the check

CHECK YOUR WORK

Answer Key

National Portion

Real Estate Calculations

1. [N321] **Answer: A** — Step 1: Monthly premium = $1,800 ÷ 12 = $150 per month. Step 2: The seller prepaid through December 31, but owned the home only through March 31 (3 months used). Step 3: Unearned portion belonging to the buyer = 9 months × $150 = $1,350, credited to the seller at closing.

2. [N322] **Answer: D** — Step 1: Daily rent = $2,400 ÷ 30 = $80 per day. Step 2: The seller is credited with rent through the closing day, the 15th, so the buyer is entitled to the remaining 15 days (the 16th through the 30th). Step 3: Buyer's credit = 15 × $80 = $1,200.

3. [N340] **Answer: C** — Step 1: Monthly dues = $1,200 ÷ 12 = $100 per month. Step 2: The seller prepaid through December 31, but owned the home only through September 30, so 3 months (October, November, December) belong to the buyer. Step 3: Credit to the seller = 3 × $100 = $300.

Property Ownership & Land Use

4. [N112] **Answer: B** — A fee simple subject to a condition subsequent continues until the grantor (or heirs) affirmatively exercises the right of entry, typically by legal action. It contrasts with a fee simple determinable, which ends automatically when the limiting event occurs. The grantor's retained interest here is called a right of entry (power of termination).

5. [N107] **Answer: B** — Spot zoning is the singling out of a small parcel for a use classification inconsistent with the surrounding area and the comprehensive plan, primarily for the owner's private benefit; courts generally strike it down. A nonconforming use is a pre-existing lawful use, not a new rezoning. Conditional uses are uses the ordinance itself allows with a permit.

Valuation & Market Analysis

6. [N123] **Answer: D** — Increasing returns apply while each added dollar of improvement returns at least a dollar of value; decreasing (diminishing) returns begin when extra investment returns less than it costs. The point of maximum value is where the shift occurs, and spending beyond it is overimprovement. This principle guides how much an owner should invest in a property.

7. [N131] **Answer: C** — Replacement cost is the cost of a building of equivalent utility built with modern materials and techniques. Reproduction cost is the cost of an exact duplicate, including outdated features, and is harder to estimate. Replacement cost is the figure most often used in the cost approach.

Financing

8. [N149] **Answer: C** — Under the Homeowners Protection Act, a borrower with a conventional loan may request cancellation of PMI when the balance reaches 80% of the property's original value, provided the borrower is current and other conditions are met. This borrower-requested cancellation at 80% is different from automatic termination at 78%.

9. [N165] **Answer: C** — ECOA (Regulation B) prohibits discrimination in credit transactions on bases including race, religion, national origin, sex, marital status, age, and the fact that income comes from a public assistance program. A lender may not discount or refuse to count public assistance income that is regular and reliable.

Contracts

10. [N235] **Answer: C** — Contingencies have deadlines, and a party who lets the deadline pass without acting or giving required notice generally loses the right to use that contingency to terminate. The contract then proceeds under its remaining terms. Exact waiver rules depend on the contract language, so deadlines must be tracked carefully.

11. [N234] **Answer: B** — A financing contingency protects a buyer who makes a good-faith loan effort but cannot obtain the specified financing. If the buyer follows the notice and deadline requirements, the buyer may terminate and recover earnest money under the contract's terms. Missing the deadline or failing to apply can waive that protection.

Agency

12. [N187] **Answer: B** — An agent must put the principal's interests first and may not make a secret profit from the agency. Buying the principal's property through a relative without full disclosure is self-dealing and a classic breach of the duty of loyalty, even if the price was fair.

13. [N176] **Answer: D** — Ratification occurs when a principal accepts and confirms an act that an agent performed without authority, making the act binding as if it had been authorized in advance. By accepting the benefits of the contract, the seller ratified the agent's unauthorized act.

Property Disclosures

14. [N199] **Answer: C** — Painting over stains to hide known water intrusion is active concealment of a latent defect, not mere silence. Concealment of a known material defect can support a claim for fraud or misrepresentation. An 'as-is' clause or caveat emptor does not protect deliberate concealment.

Transfer of Title

15. [N286] **Answer: C** — Daily rent is $1,800 ÷ 30 = $60. For the 15 days after closing, the buyer is owed 15 × $60 = $900, shown as a credit to the buyer (and debit to the seller) at settlement.

Leasing & Property Management

16. [N269] **Answer: B** — CAM charges reimburse the landlord for the tenant's share of operating shared areas — parking lots, lobbies, landscaping, and similar costs. They are a common feature of net commercial leases.

Practice of Real Estate

17. [N299] **Answer: A** — Familial status — having children under 18 in the household (or being pregnant or securing custody) — is a protected class under the Fair Housing Act. Blanket 'no children' policies are unlawful outside the housing-for-older-persons exemption.

Texas State Portion

TRELA & TREC Rules

18. [S43] **Answer: B** — Net listings are permitted in Texas, but only under strict conditions. Under 22 TAC §535.16, a broker may take a net listing only if (1) the principal requires the net listing, (2) the principal appears familiar with current market values, (3) the agreement assures the principal receives at least the desired price, and (4) the broker's commission is limited to a stated maximum. Texas does not prohibit net listings outright, and there is no separate net-listing waiver — the §535.16 conditions are the legal test.

Agency in Texas

19. [S84] **Answer: D** — A seller's broker may perform ministerial acts for a customer buyer — including preparing the offer on promulgated forms — without creating buyer agency, provided the buyer understands the broker represents the seller. Agency is created by agreement, not by filling in blanks.

Promulgated Contract Forms

20. [S99] **Answer: C** — Under Paragraph 6D, the seller has a 15-day Cure Period after receiving the buyer's timely title objections. If the objections are not cured within the Cure Period, the buyer must deliver notice within 5 days after the Cure Period ends to terminate (with earnest money refunded) or waive the objections; failing to act means the buyer is deemed to have waived them.

IABS & Disclosures

21. [S114] **Answer: D** — Under Property Code Section 5.008, if the seller delivers the Seller's Disclosure Notice after the contract is executed, the buyer may terminate the contract for any reason within 7 days after receiving the notice or before closing, whichever occurs first, and the earnest money is refunded. If the seller never delivers it, the buyer may terminate at any time before closing.

Option Period & Earnest Money

22. [S122] **Answer: A** — Paragraph 5A(3) of Form 20-19 states the order in which the escrow agent applies money received: first to the option fee, then to the earnest money, and then to any additional earnest money. This ordering matters because the option fee secures the buyer's unrestricted right to terminate.

Landlord-Tenant Law

23. [S136] **Answer: A** — Texas Property Code §92.331 prohibits a landlord from retaliating against a tenant for, among other things, exercising a right under the lease or law, complaining in good faith to a government entity, or giving a repair notice. Retaliation — such as raising rent, reducing services, or filing an eviction — is barred if it occurs within six months after the tenant's protected action.

Texas Homestead

24. [S153] **Answer: B** — Texas Property Code §41.003 provides that temporarily renting a homestead does not change its homestead character if the claimant has not acquired another homestead. Abandonment generally requires both leaving the property and acquiring or intending another homestead, so a temporary absence alone does not destroy the protection.

Community Property

25. [S157] **Answer: C** — Texas Family Code §3.001 makes a recovery for personal injuries sustained by a spouse during the marriage that spouse's separate property. The exception is any recovery for loss of earning capacity during the marriage, which is community property because those earnings would have belonged to the community.

KEEP GOING

The Full Bank

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