



Texas Standards of Conduct Exam Cheat Sheet

Texas State Law | 9 scored items | about 8% of all scored items

STUDY RULE

Focus on the action, not the label. Ask whose money it is, who authorized the payment, whether the communication is misleading, and whether the license holder crossed into legal drafting.

What Pearson Tests

- Professional ethics, grounds for discipline, fraud, misrepresentation, and unauthorized practice of law
- Trust accounts, commingling, conversion, fee splitting, rebates, and compensation
- Advertising, broker identification, team names, assumed names, and misleading claims

Exam Traps

- Commingling means mixing client funds with business or personal funds. Conversion means unauthorized use of those funds.
- A rebate is not automatically prohibited, but it must comply with consent, disclosure, and anti-misrepresentation rules.
- Filling approved blanks is different from drafting legal language for a party.

Essential Vocabulary

- Commingling: Mixing trust money with a broker's business or personal funds.
- Conversion: Unauthorized use or control of money belonging to another.
- Trust account: An account used to hold money belonging to others under applicable rules.
- Blind advertisement: An advertisement that fails to identify the responsible broker as required.
- Unauthorized practice of law: Giving legal services or drafting legal provisions beyond a license holder's lawful authority.
- Fee splitting: Sharing brokerage compensation, which is restricted when the recipient is not properly licensed or authorized.
- Rebate: Return of part of a fee or commission under conditions allowed by law and broker consent.
- Citation: A TREC enforcement mechanism for specified violations and penalties.

Recall Check

- What is the difference between commingling and conversion? Answer: Commingling is improper mixing. Conversion is unauthorized use.
- May a sales agent receive a commission directly from a client? Answer: Compensation must flow with the written consent and authority of the sponsoring broker under TREC rules.
- May a license holder draft a custom legal clause for a client? Answer: No. The license holder must stay within the permitted use of promulgated forms and avoid unauthorized practice of law.

My Miss Log

Write the rule you missed, then schedule the next rep.