

Texas Real Estate Exam Math Formula Sheet

The core formulas and Texas-specific math traps to review before test day.

Use this with current TREC and Pearson VUE materials before you rely on it.

Commission and Price

- Commission = Sale price x commission rate.
- Sale price needed = target commission / commission rate.
- Seller net = sale price - payoff - closing costs - commission - seller credits.

Loan Math

- Loan amount = sale price x loan-to-value ratio.
- Down payment = sale price - loan amount.
- Monthly principal and interest questions usually give the payment factor. Multiply loan amount by the factor and divide as instructed.

Texas Property Tax

- Taxable value = appraised value - exemptions.
- Annual tax = taxable value x tax rate. If the tax rate is stated per \$100, divide taxable value by 100 first.
- Prorated tax = annual tax x ownership days / day-count method in the question. Follow the question if it states 360 or 365 days.

Proration

- Daily amount = annual amount / 360 or 365, depending on the question stem.
- Credit the party who paid more than their share. Debit the party who owes for their period of ownership or use.
- Read whether the closing day belongs to buyer, seller, or is excluded. The stem controls the day count.

Investment and Appraisal

- NOI = effective gross income - operating expenses.
- Value = NOI / capitalization rate.
- Capitalization rate = NOI / value.
- GRM = sale price / monthly rent. Value = monthly rent x GRM.

Area and Legal Description

- 1 acre = 43,560 square feet.
- Square feet = length x width. Acres = square feet / 43,560.
- 1 mile = 5,280 feet. A section is 640 acres when the question uses government survey language.

Common Traps

- Convert percent to decimals before multiplying.
- Do not mix monthly and annual numbers. Convert them first.
- Texas tax questions often hide the per-\$100 rate. Divide taxable value by 100 before applying that rate.