

Texas Real Estate State-Law Cheat Sheet

The Texas state-law portion on one page: agency, forms, conduct, and key figures.

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

The Six State-Law Areas (40 Scored Items)

- Agency / Brokerage (11): intermediary, IABS, appointments, fiduciary duties.
- Standards of Conduct (9): trust money, advertising, misrepresentation, discipline.
- Contracts and Forms (9): promulgated forms, addenda, no unauthorized practice of law.
- Special Topics (5): deeds of trust, foreclosure, homestead, community property.
- Commission Duties and Powers (3): TREC's role, TRELA, rulemaking, enforcement.
- Licensing (3): education, sponsorship, renewal, license status.

Agency and IABS

- Texas uses intermediary, not dual agency, with the written consent of both parties.
- Appointments are optional, and never the same license holder to both parties.
- The IABS notice is given at the first substantive communication about a specific property.
- IABS exceptions: open house about that property; a party already represented; a residential lease under one year with no sale contemplated.
- Fiduciary duties (OLD CAR) run to a client, not a customer.

Standards of Conduct

- Commingling is mixing trust money with the broker's funds. Conversion is using it and is more serious.
- Keep trust money in a separate account and disburse only as authorized.
- A blind ad with no broker name violates the TREC Rules, including on social media.
- TREC enforces TRELA and adopts the Rules (22 TAC Ch. 535). The Legislature writes the statute.

Contracts and Promulgated Forms

- License holders must use TREC promulgated forms when one exists (22 TAC Sec. 537).
- The Broker-Lawyer Committee drafts the forms and TREC adopts them.
- Fill in blanks and attach approved addenda only. Drafting language is the unauthorized practice of law.

- Form 20 is the One to Four Family Residential Contract (Resale), the most common contract.

Special Topics (Texas Law)

- Texas commonly uses a deed of trust, a three-party instrument with a trustee who holds a power of sale.
- Foreclosure is usually non-judicial, with sales on the first Tuesday of the month.
- Texas is a community-property state, and both spouses sign for the homestead.
- Homestead is protected from most creditors, but not a purchase-money loan, taxes, or a valid home-equity lien.

Key Texas Figures

- 120 scored items: 80 National and 40 Texas State. Pass each portion separately at about 70 percent.
- Property tax is stated per \$100 of appraised value. Texas has no statewide transfer tax.
- The school-district homestead exemption is \$140,000, or \$150,000 for age 65 and older or disabled (2025).
- Pre-license requires 180 hours of qualifying education, and a sponsoring active broker is required to practice.
- Fair housing protects seven classes: race, color, religion, national origin, sex, familial status, and disability.