

Real Estate Principles 1 Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 15

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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. Before a new license holder can engage in the practice of real estate, who must receive a copy of that sales agent's license?**
 - A. The Broker That Is Sponsoring The Sales Agent**
 - B. The Client**
 - C. The Lender**
 - D. The Appraiser**

- 2. Which TREC contract form applies to farm and ranch properties?**
 - A. One to Four Family Residential Contract (Resale)**
 - B. Unimproved Property Contract**
 - C. Residential Condominium Contract (Resale)**
 - D. Farm and Ranch Contract**

- 3. Where will you find the main laws governing real estate license holders?**
 - A. Texas Administrative Code.**
 - B. Texas Property Code.**
 - C. Chapter 1101 and 1102 of the Texas Occupations Code**
 - D. Texas Business and Commerce Code**

- 4. Which statement about Chapter 1101 and 1102 of the Texas Occupations Code is correct?**
 - A. They regulate mortgage lending.**
 - B. They are the main laws governing real estate license holders.**
 - C. They govern broker-employee relations exclusively.**
 - D. They set home appraisal standards.**

- 5. Which is not an obligation of a real estate agent as a real estate brokerage practitioner?**
 - A. Maintaining client confidentiality**
 - B. Being informed on race and religious identities prominent in certain neighborhoods**
 - C. Disclosing known material facts**
 - D. Acting honestly**

- 6. In a condominium, owners hold title to what?**
- A. The unit only**
 - B. The land and the entire building**
 - C. The unit and a share of common areas**
 - D. The parking space only**
- 7. Which of the following is an example of emblements?**
- A. A permanently planted tree**
 - B. An annually cultivated crop**
 - C. A mineral lease**
 - D. A house built by the owner**
- 8. A contour map provides information about:**
- A. It Shows Hills, Valleys, Plateaus, And Other Patterns That May Affect Water Drainage, Runoff, Or Other Development Issues**
 - B. It Indicates Climate Patterns**
 - C. It Affects Lighting**
 - D. It Determines Property Lines**
- 9. What is a contour map used for?**
- A. It Enables Property Tax Assessment**
 - B. It Locates Underground Utilities**
 - C. It Shows Hills, Valleys, Plateaus, And Other Patterns That May Affect Water Drainage, Runoff, Or Other Development Issues**
 - D. It Determines Property Lines**
- 10. Which of these will NEVER be included with homeowners insurance?**
- A. Flood insurance**
 - B. Dwelling coverage**
 - C. Personal property coverage**
 - D. Liability protection**

Answers

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

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Explanations

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1. Before a new license holder can engage in the practice of real estate, who must receive a copy of that sales agent's license?

A. The Broker That Is Sponsoring The Sales Agent

B. The Client

C. The Lender

D. The Appraiser

The key idea is that real estate work is done under the supervision of a licensed broker, so the sponsoring broker must have the agent's license on file. The broker is responsible for ensuring that the agent is properly licensed, up-to-date on education requirements, and compliant with state rules. Having a copy of the license allows the broker to verify status before the agent conducts any real estate activities and to maintain proper records for supervision. The client, lender, or appraiser aren't responsible for licensing and aren't involved in supervision, so they don't need a copy of the agent's license. Therefore, the broker that sponsors the sales agent must receive a copy.

2. Which TREC contract form applies to farm and ranch properties?

A. One to Four Family Residential Contract (Resale)

B. Unimproved Property Contract

C. Residential Condominium Contract (Resale)

D. Farm and Ranch Contract

When a property is used for farming or ranching, the contract form that specifically addresses agricultural use and related details is the one designed for farm and ranch properties. This Farm and Ranch Contract covers items unique to farming operations, such as farming activities, livestock, irrigation equipment, water rights, and agricultural exemptions, ensuring both sides handle these considerations explicitly. It's the right fit because standard residential forms don't typically include clauses about farm equipment, leases tied to farming operations, or agricultural exemptions. Other forms are for different property types: a typical residential contract, a land-only contract without substantial improvements, or a condo agreement. So, for farm and ranch properties, the Farm and Ranch Contract is the appropriate choice.

3. Where will you find the main laws governing real estate license holders?

- A. Texas Administrative Code.**
- B. Texas Property Code.**
- C. Chapter 1101 and 1102 of the Texas Occupations Code**
- D. Texas Business and Commerce Code**

The main laws governing license holders are found in the Texas Occupations Code, specifically chapters 1101 and 1102. These sections establish the Real Estate License Act, set who can be licensed, outline qualifications, licensure procedures, and disciplinary rules. The Texas Administrative Code contains implementing rules adopted by the licensing agency, but it supports the statute rather than creating the core legal framework. The Texas Property Code and the Texas Business and Commerce Code cover property rights and general business law, not the licensing of real estate professionals. So the best place to look for the fundamental rules about real estate licenses is the Occupations Code chapters 1101 and 1102.

4. Which statement about Chapter 1101 and 1102 of the Texas Occupations Code is correct?

- A. They regulate mortgage lending.**
- B. They are the main laws governing real estate license holders.**
- C. They govern broker-employee relations exclusively.**
- D. They set home appraisal standards.**

Texas Occupations Code chapters 1101 and 1102 establish the Real Estate License Act, creating the framework that governs licensure, renewal, and discipline for real estate license holders. They specify who must be licensed (brokers and sales agents), the qualifications to obtain and maintain licenses, continuing education, and the enforcement powers of the Texas Real Estate Commission. Because of this broad scope, they are the primary laws governing the status and conduct of license holders. They do not regulate mortgage lending (that's handled by separate finance statutes), they do not set home appraisal standards (those are covered by appraisal-specific statutes), and while they touch on professional relationships, they are not limited to broker-employee issues.

5. Which is not an obligation of a real estate agent as a real estate brokerage practitioner?
- A. Maintaining client confidentiality
 - B. Being informed on race and religious identities prominent in certain neighborhoods
 - C. Disclosing known material facts**
 - D. Acting honestly

The key idea is ethical and legal duties in real estate practice. A brokerage practitioner must keep client information confidential, disclose known material facts about a property, and act honestly in all representations and actions. Being informed about racial or religious identities prominent in certain neighborhoods is not an obligation—and it's inappropriate, because it can lead to discrimination and violations of fair housing laws. Professional practice requires avoiding use of protected characteristics to influence decisions and instead focusing on objective property information and truthful disclosures. The other duties—confidentiality, disclosure of known material facts, and honesty—are all required obligations.

6. In a condominium, owners hold title to what?
- A. The unit only
 - B. The land and the entire building
 - C. The unit and a share of common areas**
 - D. The parking space only

In a condominium, ownership combines a private unit with an undivided interest in the shared spaces. Each owner has title to their individual unit, plus a proportional, shared ownership of the building's common elements (lobbies, hallways, exterior, amenities) through the condominium association. The land and the entire building aren't owned by a single person; they're held as common elements by all unit owners. A parking space is typically either part of the common elements or a limited common element assigned to a unit, not ownership of the land or building by itself. So, owners hold title to the unit and a share of the common areas.

7. Which of the following is an example of emblements?
- A. A permanently planted tree
 - B. An annually cultivated crop**
 - C. A mineral lease
 - D. A house built by the owner

Emblements are crops that are cultivated annually by a tenant on land that belongs to someone else. They are considered personal property because they result from the farmer's labor and can be harvested separately from the land after the tenancy ends. That's why an annually cultivated crop is the right example: it's produced by ongoing labor and remains the grower's property, not a permanent part of the real estate. A permanently planted tree, on the other hand, becomes part of the real property as a fixture. A mineral lease concerns rights to minerals, not crops, and a house built by the owner is attached to the land and also a fixture.

8. A contour map provides information about:

- A. It Shows Hills, Valleys, Plateaus, And Other Patterns That May Affect Water Drainage, Runoff, Or Other Development Issues**
- B. It Indicates Climate Patterns**
- C. It Affects Lighting**
- D. It Determines Property Lines**

Contour maps show elevation changes across the land by drawing lines that connect points of equal height, revealing hills, valleys, plateaus, and the overall slope of the terrain. This topographic information is essential for understanding how water will move on the site, where drainage will occur, and how grading, drainage design, flood risk, and other development decisions will be affected. They do not depict climate patterns, lighting conditions, or property boundaries, which are shown on climate or weather maps, sun/shade analyses, and survey or plat maps, respectively.

9. What is a contour map used for?

- A. It Enables Property Tax Assessment**
- B. It Locates Underground Utilities**
- C. It Shows Hills, Valleys, Plateaus, And Other Patterns That May Affect Water Drainage, Runoff, Or Other Development Issues**
- D. It Determines Property Lines**

Contour maps depict elevation and landforms with contour lines, letting you see where the terrain rises and falls. This helps you understand how water will flow across the land, where drainage or runoff might accumulate, and how slope and topography could impact development, grading, and erosion control. Because of that, the map is used to show hills, valleys, plateaus, and the patterns that affect water drainage and other development issues. Other uses you might see reflected in different maps—like tax assessment, locating underground utilities, or determining property lines—rely on parcel data, utility surveys, or legal boundary surveys rather than elevation-focused contour information.

10. Which of these will NEVER be included with homeowners insurance?

- A. Flood insurance**
- B. Dwelling coverage**
- C. Personal property coverage**
- D. Liability protection**

Flood insurance is not part of a standard homeowners policy. A typical homeowners policy includes three main protections: dwelling coverage for the house itself, personal property coverage for your belongings inside the home, and liability protection for injuries or damages you're legally responsible for. Flood damage is treated as a separate risk with its own policy, usually sold through the National Flood Insurance Program or private insurers. So while the other coverages listed are included, flood insurance must be purchased separately if flood risk exists.

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://realestateprinciples1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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