

TEXAS 30-HOUR PRINCIPLES OF REAL ESTATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. How far in advance must a reservation be made for the licensing exam?**
 - A. 48 hours
 - B. 24 hours
 - C. 1 week
 - D. 12 hours
- 2. What is the liability of a Texas licensee who cooperated with others to commit a third-degree felony?**
 - A. Limited responsibility
 - B. Joint and separate responsibility for all damages
 - C. No liability
 - D. Shared liability only
- 3. Which entity is most likely to rely on a land trust for inheritance purposes?**
 - A. Corporate stakeholders
 - B. Real estate developers
 - C. Individuals with children
 - D. Government agencies
- 4. Jacob, a developer, invested in infrastructure for his subdivision to recoup his investment. This illustrates which economic characteristic of real property?**
 - A. Liquidity
 - B. Permanence
 - C. Scarcity
 - D. Modification
- 5. What happens if Dwight misrepresents the flood risk of a property?**
 - A. He will be praised for his honesty
 - B. He is not liable since he did not know
 - C. Dwight has committed fraud, invalidating Jamie's consent
 - D. Jamie can still proceed with the contract

- 6. What defines a special agent in real estate?**
- A. An agent handling multiple properties
 - B. An agent authorized for specific tasks
 - C. An agent managing a real estate firm
 - D. An agent representing buyers only
- 7. In the situation where a middle school student is hired to mow a lawn and a written contract is drawn up, what is true regarding the nature of their agreement?**
- A. The written contract is legally binding and must be upheld.
 - B. The agreement is informal and not recognized legally.
 - C. If both parties are satisfied, the legality of the contract becomes irrelevant.
 - D. The student cannot enforce the agreement without parental consent.
- 8. Which type of antitrust violation occurs when real estate firms agree to divide their market so they don't compete with one another?**
- A. Price fixing
 - B. Market allocation
 - C. Group boycotting
 - D. Bid rigging
- 9. In the computation of estate taxes, what happens to lifetime taxable gifts?**
- A. They are ignored
 - B. They are subtracted from the net value
 - C. They are added to the net value
 - D. They are taxed separately
- 10. What does the registration of an assumed business name with the secretary of state or county clerk's office in Texas provide?**
- A. Legal authority to conduct business
 - B. Exclusive rights to a product
 - C. Tax benefits for the broker
 - D. Better marketing opportunities

Answers

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

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Explanations

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1. How far in advance must a reservation be made for the licensing exam?

- A. 48 hours
- B. 24 hours**
- C. 1 week
- D. 12 hours

In Texas, a reservation for the licensing exam must be made at least 24 hours in advance. This requirement ensures that the testing centers can adequately prepare for the number of candidates that will show up and allow for proper scheduling. It also gives candidates time to confirm their attendance and be aware of the specific details related to the exam, such as location and time. Making a reservation too close to the exam time could lead to complications, such as the possibility of the test center being full or not having enough resources ready for the candidates. Therefore, the 24-hour notice is a necessary protocol to promote an efficient and organized testing experience for all individuals involved.

2. What is the liability of a Texas licensee who cooperated with others to commit a third-degree felony?

- A. Limited responsibility
- B. Joint and separate responsibility for all damages**
- C. No liability
- D. Shared liability only

In Texas, when a licensee cooperates with others to commit a third-degree felony, they face joint and several liabilities for all damages that arise from that felony. This legal principle means that each participant in the wrongdoing can be held liable for the full amount of the damages, allowing the injured party to recover the entire amount from any one of the liable parties. It encourages accountability among those who engage in illegal activities, ensuring that a victim can seek restitution regardless of the individual roles played by each participant in the crime. The implications of joint and several liabilities are significant in a real estate context. A licensee involved in any unlawful activity not only risks losing their license but may also face extensive financial repercussions due to the commitments made with their co-conspirators. This principle is particularly important as it underscores the expectation that licensees must uphold ethical standards and legal obligations in their professional conduct. Therefore, the choice that reflects the severity of the liability faced by the licensee when cooperating in the commission of a felony is the designation of joint and separate responsibility for all damages.

3. Which entity is most likely to rely on a land trust for inheritance purposes?

- A. Corporate stakeholders
- B. Real estate developers
- C. Individuals with children**
- D. Government agencies

The most likely entity to rely on a land trust for inheritance purposes is individuals with children. This choice reflects the typical use of land trusts as a means of estate planning. Individuals often utilize land trusts to manage and protect real estate assets, providing a way to pass these assets to their heirs without the complications of probate. A land trust allows individuals to maintain privacy regarding property ownership as the trust holds title to the property while the individual can still enjoy the benefits. This can be particularly important for parents who want to ensure that their children's inheritance is handled according to their wishes, safeguarding assets and potentially providing tax benefits or financial protections. Corporate stakeholders, real estate developers, and government agencies tend not to use land trusts in the same manner, as their primary focus is typically on business operations, development projects, or public interest, rather than personal estate planning and inheritance strategies.

4. Jacob, a developer, invested in infrastructure for his subdivision to recoup his investment. This illustrates which economic characteristic of real property?

- A. Liquidity
- B. Permanence**
- C. Scarcity
- D. Modification

The characteristic illustrated by Jacob's investment in infrastructure for his subdivision is permanence. In real estate, permanence refers to the long-lasting nature of improvements and investments made to the property. It emphasizes that the enhancements, such as roads, utilities, and other foundational elements, are integral to the property's value over time. When Jacob invests in infrastructure, he is demonstrating an understanding that such improvements will not only enhance the attractiveness of the subdivision but also serve to increase its functionality and overall market value. This aligns with the concept of permanence, as these investments are designed to remain as enduring features of the property. Other characteristics, such as liquidity, scarcity, and modification, do not directly connect to Jacob's actions in this context. Liquidity pertains to how quickly an asset can be converted into cash, scarcity deals with the limited availability of land, and modification refers to the ability to alter the property. While these aspects may also be relevant in real estate, they do not apply to the scenario of investing in infrastructure as well as permanence does.

5. What happens if Dwight misrepresents the flood risk of a property?

- A. He will be praised for his honesty
- B. He is not liable since he did not know
- C. Dwight has committed fraud, invalidating Jamie's consent**
- D. Jamie can still proceed with the contract

If Dwight misrepresents the flood risk of a property, he has indeed committed fraud, which can invalidate Jamie's consent to the transaction. Fraud occurs when one party deliberately provides false information with the intent to deceive another party, influencing their decision to enter into a contract. In this scenario, if Dwight knowingly misrepresents the flood risk, this deception impacts Jamie's ability to make an informed decision about the property. Courts typically recognize that if consent to a contract is obtained through fraudulent misrepresentation, then that consent may be considered invalid. This means that Jamie could potentially void the contract due to Dwight's fraudulent actions, allowing her to seek legal remedies for her losses. The implications of fraud in real estate are significant because it not only affects the parties involved but also upholds the ethics and integrity in real estate practices. Understanding the severity of such misrepresentation emphasizes the importance of honesty and full disclosure in real estate transactions.

6. What defines a special agent in real estate?

- A. An agent handling multiple properties
- B. An agent authorized for specific tasks**
- C. An agent managing a real estate firm
- D. An agent representing buyers only

A special agent in real estate is defined as an agent authorized to act on behalf of a principal for specific tasks or transactions. This designation typically involves a limited scope of authority, allowing the agent to perform particular duties such as negotiating a sale or facilitating a rental agreement, but not beyond those parameters. For example, when a real estate broker represents a seller to market their property, they are acting as a special agent, as their authority is specifically tied to that transaction. In contrast, a general agent would have broader authority, often managing various aspects of a business or ongoing transactions. The other choices do not accurately describe the role of a special agent. An agent handling multiple properties may still be a special agent if they are working under specific agreements for each property. An agent managing a real estate firm typically functions as a general agent, overseeing broader operations, while an agent representing buyers only does not reflect the distinct limitations and specific authority that define a special agent's role.

7. In the situation where a middle school student is hired to mow a lawn and a written contract is drawn up, what is true regarding the nature of their agreement?

- A. The written contract is legally binding and must be upheld.
- B. The agreement is informal and not recognized legally.
- C. If both parties are satisfied, the legality of the contract becomes irrelevant.**
- D. The student cannot enforce the agreement without parental consent.

The nature of the agreement between a middle school student hired to mow a lawn and the person who hired them leans on the concept of contracts and their enforceability, particularly concerning minors. In this context, option C reflects an important aspect of contract law where the satisfaction of both parties holds significance in informal agreements. While a contract is generally enforceable when both parties agree to its terms, the practical reality is that minor agreements may not always carry the same weight in a legal setting. If both the student and the person hiring them are satisfied with the arrangement, the focus shifts away from strict legal enforcement to the satisfaction and mutual understanding of the parties involved. This creates a scenario where even if the agreement might technically lack enforceability due to the student's status as a minor, the satisfaction of both parties still holds value in their transaction, making the legality less of a concern in this specific instance. Understanding this aspect is crucial, as it underlines the nuances present in contracts involving minors and how mutual acceptance can sometimes override strict legal constraints.

8. Which type of antitrust violation occurs when real estate firms agree to divide their market so they don't compete with one another?

- A. Price fixing
- B. Market allocation**
- C. Group boycotting
- D. Bid rigging

The situation described involves real estate firms agreeing to divide their market to avoid competition, which is known as market allocation. This type of antitrust violation occurs when competing businesses come to an agreement to divide geographical areas or specific customer segments among themselves, effectively reducing competition and allowing each firm to monopolize its assigned segment of the market. Market allocation can harm consumers by limiting their choices and potentially leading to higher prices since the firms are not competing against each other. In this case, rather than competing for customers in the same area or demographic, the firms have agreed not to encroach on each other's designated segments, which is a clear violation of antitrust laws intended to promote competition and protect consumer interests. Understanding market allocation is crucial for real estate professionals to ensure compliance with legal standards and maintain fair competition.

9. In the computation of estate taxes, what happens to lifetime taxable gifts?

- A. They are ignored
- B. They are subtracted from the net value
- C. They are added to the net value**
- D. They are taxed separately

In the computation of estate taxes, lifetime taxable gifts are added to the net value of the estate. This practice aligns with the principle that an individual's total wealth should be considered when determining the tax liability upon death. The rationale is that any significant gifts made during a person's lifetime reduce the assets left in their estate but are still part of the individual's overall taxable estate. When a person makes gifts, they may fall under the gift tax threshold. If the gifts exceed certain limits, they necessitate reporting and tax implications. Therefore, for estate tax purposes, these gifts are included in the calculation to ensure a comprehensive assessment of the deceased's total wealth. This approach prevents individuals from circumventing estate taxes by gifting away their assets before death. Understanding this concept is crucial for both estate planning and for those involved in administering estates following a person's passing.

10. What does the registration of an assumed business name with the secretary of state or county clerk's office in Texas provide?

A. Legal authority to conduct business

B. Exclusive rights to a product

C. Tax benefits for the broker

D. Better marketing opportunities

The registration of an assumed business name, often referred to as a "DBA" (doing business as), with the secretary of state or county clerk's office in Texas serves to provide legal authority to conduct business under that name. This process ensures that the name is officially recognized and can be used in business transactions. It helps to establish a public record of the business entity operating under that name, which is important for transparency and consumer protection. Registering an assumed business name does not automatically grant exclusive rights to that name against competitors; it primarily allows the business to operate legally under a name that may differ from the owner's legal name. Additionally, it does not inherently carry any tax benefits or guarantee improved marketing opportunities, although having a registered name can assist with branding and identity in the marketplace. The focus is primarily on legal compliance and recognition.

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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://tx30hrprinciplesofrealestate.examzify.com>

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

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