

# Texas Real Estate Principles 1 Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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!**

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## Questions

- 1. What is the term for the taxation method that is based on property value?**
  - A. Value Taxation**
  - B. Ad Valorem**
  - C. Proportional Taxation**
  - D. Property Tax Assessment**
- 2. What is the primary purpose of zoning laws in real estate?**
  - A. To determine property taxes**
  - B. To separate land uses**
  - C. To establish ownership rights**
  - D. To govern property sales**
- 3. What is the amount of the homestead exemption for property owners living on their property?**
  - A. \$10,000**
  - B. \$15,000**
  - C. \$20,000**
  - D. \$25,000**
- 4. What is an encroachment primarily associated with?**
  - A. Negotiating easements**
  - B. Structures extending onto neighboring land**
  - C. Borrowing money against property**
  - D. Property title transfers**
- 5. What is the term for the right of the state to enforce order and protect the general welfare?**
  - A. Policing Rights**
  - B. Police Power**
  - C. Eminent Domain**
  - D. Property Rights**

- 6. What is a characteristic of an executed contract?**
- A. It is still being negotiated**
  - B. It has been fully performed**
  - C. It is enforceable but not performed**
  - D. It is voidable at discretion**
- 7. Which method uses distance and directions to define and describe the shape and boundaries of a property?**
- A. Rectangular Survey System**
  - B. Metes and Bounds**
  - C. Surrounding Boundaries**
  - D. Property Lines**
- 8. What is an easement appurtenant?**
- A. An easement that benefits only the owner of one property**
  - B. An easement allowing access across neighboring properties**
  - C. An easement granted to the government**
  - D. A temporary easement for construction purposes**
- 9. Which of the following best describes a valid contract?**
- A. A contract that has no legal standing**
  - B. A contract that does not meet legal requirements**
  - C. A contract that meets all legal requirements and is enforceable**
  - D. Any written agreement between two parties**
- 10. Who is the person giving land as a gift while retaining control over its use?**
- A. Grantor**
  - B. Grantee**
  - C. Beneficiary**
  - D. Trustor**

## **Answers**

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

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## **Explanations**

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**1. What is the term for the taxation method that is based on property value?**

**A. Value Taxation**

**B. Ad Valorem**

**C. Proportional Taxation**

**D. Property Tax Assessment**

The taxation method that is based on property value is known as "Ad Valorem." This term originates from Latin, meaning "according to value." In the context of property taxation, it signifies that taxes are assessed based on the assessed value of the property. The idea is that the amount of tax levied is proportional to the value of the property being taxed. This system is commonly used for real estate taxes, where property owners pay a percentage of their property's appraised value. Additionally, ad valorem taxes are typically used to fund local services such as schools, emergency services, and infrastructure, making it crucial for property owners to understand how their property values impact their tax liabilities. Other terms related to taxation, such as "property tax assessment," may refer to the process of determining that property value but do not specifically denote the tax method itself.

**2. What is the primary purpose of zoning laws in real estate?**

**A. To determine property taxes**

**B. To separate land uses**

**C. To establish ownership rights**

**D. To govern property sales**

The primary purpose of zoning laws in real estate is to separate land uses. Zoning laws are regulations set by local governments to control how land in a particular area can be used. These regulations can dictate whether a property can be used for residential, commercial, industrial, or agricultural purposes, thus helping to minimize potential conflicts between different land uses. For instance, zoning can prevent a noisy factory from being built next to a quiet residential neighborhood, promoting a balanced community development. Zoning laws play a crucial role in urban planning, ensuring that the development and layout of areas contribute to the orderly growth of a municipality. By defining acceptable uses for land, they help maintain property values and protect the health, safety, and welfare of citizens. This foundational aspect of land use management makes the separation of land uses an essential function of zoning regulations.

**3. What is the amount of the homestead exemption for property owners living on their property?**

- A. \$10,000
- B. \$15,000**
- C. \$20,000
- D. \$25,000

The amount of the homestead exemption for property owners living on their property in Texas is \$25,000. This exemption applies to property taxes and reduces the amount of property value that is subject to taxation by local governments, thereby lowering the tax burden for homeowners. The intent of the homestead exemption is to provide financial relief to homeowners, making it more affordable for them to reside in their homes. While other amounts might appear as possible exemptions, the correct figure of \$25,000 has been established for general homestead exemptions. Specific exemptions, such as those for elderly or disabled individuals, can be higher, but the standard exemption amount for all qualifying homeowners is set at this amount to promote home ownership within the state. Understanding this figure is crucial for homeowners as it directly affects their property tax calculations and overall home affordability.

**4. What is an encroachment primarily associated with?**

- A. Negotiating easements
- B. Structures extending onto neighboring land**
- C. Borrowing money against property
- D. Property title transfers

An encroachment is primarily associated with structures extending onto neighboring land. This situation occurs when a property owner builds a structure, such as a fence, garage, or other improvement, that crosses onto the property line of an adjacent property. Encroachments can lead to disputes between neighbors and can affect property values, as they may involve legal considerations regarding the right to use land and whether the encroaching structure can remain. The term encapsulates issues such as property rights, land surveys, and the potential need for a legal solution, such as negotiating easements or resolving disputes about boundaries. Understanding encroachments is vital for property owners and buyers, as they can significantly impact real estate transactions and property ownership.

**5. What is the term for the right of the state to enforce order and protect the general welfare?**

**A. Policing Rights**

**B. Police Power**

**C. Eminent Domain**

**D. Property Rights**

The term that refers to the state's right to enforce order and protect the general welfare is known as police power. This concept enables the government to regulate behavior and enforce standards to ensure the health, safety, morals, and general welfare of the public. Police power allows for regulations regarding land use, zoning laws, building codes, and public safety measures. It is vital in shaping how communities develop and function, balancing individual rights with the needs of the community as a whole. Understanding this concept is essential in real estate, as it influences property values, development procedures, and the overall environment in which properties exist. The distinction of police power from terms like eminent domain—which pertains specifically to the government's right to take private property for public use—highlights its broader scope in regulating land use and societal standards.

**6. What is a characteristic of an executed contract?**

**A. It is still being negotiated**

**B. It has been fully performed**

**C. It is enforceable but not performed**

**D. It is voidable at discretion**

An executed contract is defined as a contract in which all parties have fulfilled their obligations as stated in the agreement. This concept of being "fully performed" signifies that all terms have been carried out to completion, meaning that each party has executed their responsibilities under the contract, and the agreement has reached its desired outcome. This characteristic distinguishes executed contracts from other types, such as executory contracts, which are still in the process of being completed, or those that are enforceable but have not yet been performed. An executed contract assures that mutual obligations have been satisfied, allowing all parties to move forward without further commitments related to the terms of the agreement.

**7. Which method uses distance and directions to define and describe the shape and boundaries of a property?**

**A. Rectangular Survey System**

**B. Metes and Bounds**

**C. Surrounding Boundaries**

**D. Property Lines**

The method that employs distance and directions to define and describe the shape and boundaries of a property is known as Metes and Bounds. This surveying technique involves determining property lines by specifying the direction (compass bearing) and distance from a starting point, often marked by a physical landmark or marker, and includes details such as angles and distances to create a precise perimeter of the property. Metes refer to the actual measurements of the distance between points, while bounds describe the physical boundaries based on recognizable landmarks or natural features. This method is particularly useful in irregularly shaped plots or when distinct natural markers can be utilized to define property lines. It is an older and more descriptive method compared to more standardized systems like the Rectangular Survey System, which focuses on a grid pattern. The other methods mentioned, such as Property Lines, provide a more general understanding of property boundaries but do not detail how those boundaries are calculated or described in terms of exact metes and bounds. Conversely, the Rectangular Survey System is a structured grid method used primarily in the United States that does not rely on the specifics of distance and direction as Metes and Bounds does.

**8. What is an easement appurtenant?**

**A. An easement that benefits only the owner of one property**

**B. An easement allowing access across neighboring properties**

**C. An easement granted to the government**

**D. A temporary easement for construction purposes**

An easement appurtenant refers to a specific type of easement that benefits a particular parcel of land, known as the dominant tenement, and allows for the use of another parcel, known as the servient tenement. In this context, the correct choice implies that it grants the right to access across neighboring properties, aligning with the fundamental concept of an easement appurtenant. This type of easement runs with the land, meaning that it is tied to the property rather than an individual owner. When the ownership of the dominant tenement changes, the new owner automatically gains the easement rights. This characteristic makes it a vital tool in real estate, as it ensures that access is preserved for the benefit of one parcel while still respecting the rights of the property owner of the servient estate. It's important to note that other interpretations, such as easements that may only benefit individual owners or those that serve temporary purposes for construction, do not encapsulate the defining nature of an easement appurtenant. Therefore, emphasizing the mutual benefits derived from the relationship between two properties reinforces the understanding of this legal construct in real estate.

**9. Which of the following best describes a valid contract?**

- A. A contract that has no legal standing**
- B. A contract that does not meet legal requirements**
- C. A contract that meets all legal requirements and is enforceable**
- D. Any written agreement between two parties**

A valid contract is one that meets all legal requirements necessary for it to be enforceable in a court of law. This means that the contract must have elements such as offer, acceptance, consideration (something of value exchanged), mutual consent, and legal purpose. When a contract fulfills these criteria, it is recognized by the legal system and can be upheld in case of a dispute. In contrast, a contract that lacks legal standing would not have enforceability and therefore wouldn't be considered valid. Additionally, if a contract does not meet legal requirements, it is also not valid, as it fails to fulfill the necessary conditions that give it power and legitimacy. Finally, while a written agreement can sometimes constitute a valid contract, not all written agreements are legally binding unless they also adhere to the stipulated legal criteria.

**10. Who is the person giving land as a gift while retaining control over its use?**

- A. Grantor**
- B. Grantee**
- C. Beneficiary**
- D. Trustor**

The individual giving land as a gift while retaining control over its use is referred to as the grantor. In real estate terminology, the grantor is the party that transfers property rights to another person, known as the grantee. Importantly, when a grantor provides land as a gift yet maintains certain controls over its use, it often involves specific legal arrangements that allow the grantor to impose conditions or retain some level of authority. For example, in cases where property is transferred but the grantor wants to ensure that it will be used in a certain manner or for a specific purpose, they can retain rights that dictate how the property may be used. This arrangement can also be seen in various legal instruments, such as a life estate, where the grantor may retain the right to live on or utilize the property for a specified duration while giving the ownership rights to the grantee. The roles of the other terms are distinct. The grantee is the recipient of the property, the beneficiary typically refers to someone who benefits from a trust, and the trustor is the person who creates a trust. Understanding the specific function of each term clarifies why the grantor correctly identifies the individual giving property with retained use rights.

## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://txrealestateprinciples1.examzify.com>**

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