

TEXAS REAL ESTATE PRINCIPLES 1 PRACTICE TEST (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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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. Which party has the right to request specific performance if the other party fails to perform their obligations?**
 - A. The defaulting party
 - B. The injured party
 - C. The court
 - D. The mediator

- 2. What is referred to as the mill rate?**
 - A. A tax charged annually
 - B. A rate charged per unit of property value
 - C. The overall tax burden on residents
 - D. A flat fee for all property owners

- 3. What is it called when a group of brokers agree to not deal with a certain company?**
 - A. Collusion
 - B. Boycotting
 - C. Market Segmentation
 - D. Coercion

- 4. What is the significance of metes and bounds in real estate?**
 - A. To calculate property taxes
 - B. To define property boundaries
 - C. To assess land value
 - D. To determine land use

- 5. When is an implied agency typically established?**
 - A. Through written contracts
 - B. Through actions and behaviors
 - C. Through state regulations
 - D. Through formal declarations

- 6. What do investors buy in a Real Estate Investment Trust?**
- A. Shares
 - B. Bonds
 - C. Options
 - D. Real Estate
- 7. What is the term for an item that was once personal property but has become real estate due to attachment?**
- A. Chattel
 - B. Appurtenances
 - C. Fixture
 - D. Real Property
- 8. What term is used to describe the requirement for all owners to acquire title from the same source?**
- A. Unity of Title
 - B. Unity of Interest
 - C. Unity of Possession
 - D. Tenancy by the Entirety
- 9. Which type of contract is binding against one party but not the other?**
- A. Void Contract
 - B. Unenforceable Contract
 - C. Voidable Contract
 - D. Implied Contract
- 10. 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

Answers

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

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Explanations

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1. Which party has the right to request specific performance if the other party fails to perform their obligations?

- A. The defaulting party
- B. The injured party**
- C. The court
- D. The mediator

The right to request specific performance arises from the principle that when one party does not fulfill their obligations under a contract, the other party who has been injured or harmed by this default can seek legal recourse to compel performance. This is particularly relevant in real estate transactions, where monetary damages may not be adequate due to the unique nature of property. In this context, the injured party has the interest and standing to request the court to enforce the contract as originally agreed upon. Specific performance is a remedy ordered by a court that requires a party to fulfill their contractual duties rather than merely awarding financial damages. This legal right serves to protect the interests of the non-defaulting party and ensure that the terms of the contract are adhered to. The other parties mentioned do not possess the right to request specific performance in this scenario. The defaulting party cannot request this remedy because they are the ones who have failed to perform. The court may enforce the request made by the injured party but does not inherently have the right to request specific performance on its own accord. Similarly, a mediator's role is typically to facilitate discussions and negotiations, not to enforce contractual obligations. Thus, it is the injured party who holds the right in these situations.

2. What is referred to as the mill rate?

- A. A tax charged annually
- B. A rate charged per unit of property value**
- C. The overall tax burden on residents
- D. A flat fee for all property owners

The mill rate, often expressed as a fraction of one thousand, is the amount of tax payable per dollar of assessed value of property. It is typically used to calculate property taxes levied by local governments and other entities. The concept behind the mill rate is that it allows municipalities to determine the property taxes owed based on the assessed value of a property. For example, if the mill rate is set at 10 mills, it means that for every \$1,000 of assessed property value, the property owner would pay \$10 in tax. This method provides a straightforward way to understand how much tax will be imposed based on the value of the property, making it easier for residents to calculate their property tax obligations. In contrast, the other options relate to different taxation or fee concepts. An annual tax refers to the timing of when taxes are assessed and paid, the overall tax burden refers to the total taxes paid by residents which can include various forms of tax beyond property tax, and a flat fee implies a uniform charge to all property owners regardless of property value, which does not align with the concept of a mill rate that is based on varying property values.

3. What is it called when a group of brokers agree to not deal with a certain company?

- A. Collusion
- B. Boycotting**
- C. Market Segmentation
- D. Coercion

When a group of brokers agrees to not deal with a certain company, this practice is referred to as boycotting. Boycotting typically involves a collective action taken by individuals or groups to withdraw support or refuse to engage with an entity, often in protest of its practices or policies. In this scenario, brokers may find common ground in their decision to avoid working with a particular company based on shared concerns or strategic interests. Boycotting can have significant implications in the real estate industry, including the potential for damaging the targeted company's reputation and business. It exemplifies how cooperation among competitors can influence market dynamics and consumer choices. This understanding of boycotting is critical for real estate professionals, as they navigate the ethical and legal considerations of competition and collaboration in their dealings.

4. What is the significance of metes and bounds in real estate?

- A. To calculate property taxes
- B. To define property boundaries**
- C. To assess land value
- D. To determine land use

Metes and bounds is a system used in real estate to accurately describe the boundaries of a parcel of land. This method is significant because it employs a detailed survey description, which starts at a defined point and follows a specified course to outline the perimeter of a property. It utilizes natural landmarks and measurements, often detailing distances and angles to provide a comprehensive definition of the boundaries. This method is particularly useful when dealing with irregularly shaped parcels of land where standard rectangular surveys may not apply. By providing an exact and legally recognized means of describing property lines, metes and bounds helps avoid disputes regarding boundary lines and ensures clarity in ownership rights. Having a precise definition of property boundaries is essential for real estate transactions, zoning, and development considerations, thereby solidifying its relevance in the field.

5. When is an implied agency typically established?

- A. Through written contracts
- B. Through actions and behaviors**
- C. Through state regulations
- D. Through formal declarations

An implied agency is typically established through actions and behaviors, reflecting the nature of the relationship between the parties involved. In real estate, this can occur when a buyer or seller behaves in a way that demonstrates that they are relying on a professional to act on their behalf, even if there is no formal agreement. This relationship might be inferred from the conduct of the parties, such as when a real estate agent provides advice or assistance that leads one party to believe they are acting as their agent. This concept is important because it underscores the reality that agency relationships can exist even without explicit contracts. In scenarios where one party acts under the assumption that they are represented, an implied agency can create obligations and duties that the agent must fulfill, even if those obligations were not formally agreed upon. Thus, a clear understanding of implied agency is critical in real estate transactions to ensure that both agents and clients are aware of their rights and responsibilities.

6. What do investors buy in a Real Estate Investment Trust?

- A. Shares
- B. Bonds
- C. Options
- D. Real Estate

Investors buy shares in a Real Estate Investment Trust (REIT). A REIT is a company that owns, operates, or finances income-producing real estate across a range of property sectors. By purchasing shares, investors can gain exposure to real estate markets without needing to directly own or manage properties themselves. This structure allows investors to pool their capital for bulk investment opportunities, similar to how they would invest in stocks. Shares of a REIT represent ownership in the trust and entitle the investor to a portion of the income generated from the properties owned by the REIT, typically in the form of dividends. This is appealing to many investors because it offers a way to invest in real estate with a relatively low barrier to entry, providing both income and potential for appreciation. While bonds, options, or direct real estate ownership are viable investment options for different types of portfolios, they do not accurately describe what investors purchase when they engage in a REIT. Bonds represent debt securities, options are financial derivatives, and while direct real estate ownership involves purchasing physical properties, it is an entirely different investment strategy compared to buying shares of a REIT.

7. What is the term for an item that was once personal property but has become real estate due to attachment?

- A. Chattel
- B. Appurtenances
- C. Fixture
- D. Real Property

The term for an item that was once personal property but has become real estate due to attachment is a fixture. Fixtures are defined by their method of attachment to the land or a structure, as well as their purpose. When a piece of personal property, such as a light fixture or an installed appliance, is permanently affixed to a building or land, it is considered a fixture and therefore becomes part of the real estate. This transformation from personal to real property signifies that the item is now included in the sale of the property, along with the land and any permanent structures, unless specifically excluded in the sales agreement. Recognizing fixtures versus personal property is crucial in real estate transactions, as it directly impacts what is owned and conveyed with the property.

8. What term is used to describe the requirement for all owners to acquire title from the same source?

- A. Unity of Title**
- B. Unity of Interest
- C. Unity of Possession
- D. Tenancy by the Entirety

The term "Unity of Title" is used to describe the requirement that all owners acquire their title from the same source. This concept is essential in real estate because it ensures that all parties have a legally recognized claim to the property based on the same initial ownership document or deed. In joint ownership situations, such as in a partnership or co-ownership, having a Unity of Title means that each co-owner's interest in the property stems from the same transaction or agreement. Without this unity, the relationship between the owners can become complicated, leading to disputes over ownership rights. Other concepts, like Unity of Interest and Unity of Possession, refer to different aspects of co-ownership. Unity of Interest implies that all owners have equal rights and interests in the property, while Unity of Possession specifies that all co-owners have the right to possess and use the entire property, rather than specific portions. Tenancy by the Entirety is a specific form of ownership available only to married couples that also involves unities but does not specifically highlight the requirement of acquiring title from the same source. Therefore, the correct choice is "Unity of Title."

9. Which type of contract is binding against one party but not the other?

- A. Void Contract
- B. Unenforceable Contract
- C. Voidable Contract**
- D. Implied Contract

A voidable contract is binding against one party but can be canceled or voided at the discretion of the other party. In essence, one party has the right to affirm or reject the contract based on certain factors, such as misrepresentation, lack of capacity, or undue influence. The party who has the option to void the contract maintains their rights within the agreement until they choose to exercise their option to cancel. For example, if a minor enters into a contract, that contract is voidable at the minor's discretion. The other party is bound to the terms of the contract, but the minor has the legal right to opt out. This characteristic distinguishes voidable contracts from others, as it highlights the element of choice for one party while maintaining a binding effect on the other.

10. 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.

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://txrealestateprinciples1.examzify.com>

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

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