

TEXAS REAL ESTATE PRINCIPLES 2 PRACTICE TEST (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
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. What is a comprehensive plan?

- A. A guide for social services development
- B. A short-term financial strategy for municipalities
- C. An official public document for growth and development
- D. A specific zoning law for private properties

2. What does a condominium consist of in terms of property interest?

- A. A shared interest in a rental unit only
- B. A fee interest in a specific unit and undivided interest in common areas
- C. Only common area ownership with no individual units
- D. A separate interest in land outside the structure

3. What does the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) focus on?

- A. Establishing clean air standards
- B. Funding for coastal management
- C. Cleanup of properties impacted by hazardous waste releases
- D. Regulation of water pollution

4. What does "agency" refer to in real estate?

- A. A type of mortgage agreement
- B. A legal relationship between an agent and a client
- C. A classification of property ownership
- D. A set of regulations governing real estate transactions

5. If a property use is not specifically listed as permitted, what is it considered?

- A. Setbacks
- B. Zoning districts
- C. Permitted uses
- D. Prohibited use

- 6. What is the term for changes made to the basic design or plan of a building, often to correct deficiencies?**
- A. Rehabilitation
 - B. Modification
 - C. Remodeling
 - D. Restoration
- 7. What does categorical exclusion refer to in environmental projects?**
- A. Projects that have no impact on the environment
 - B. Requirements for environmental assessments
 - C. Projects that generally are smaller or have no significant environmental impact
 - D. A designation for projects needing federal approval
- 8. Why is it important for buyers to review the property disclosure statement?**
- A. To negotiate the price of the property
 - B. To ensure they understand any risks associated with the property
 - C. To assess the seller's financial status
 - D. To evaluate the mortgage options available
- 9. What term is used for the restoration of a property to its former or improved condition without altering its basic design?**
- A. Renovation
 - B. Rehabilitation
 - C. Reconstruction
 - D. Restoration
- 10. What is commonly indicated by a high R-value?**
- A. Poor energy efficiency
 - B. High energy loss
 - C. Better insulation resistance to heat flow
 - D. Increased construction costs

Answers

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

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Explanations

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1. What is a comprehensive plan?

- A. A guide for social services development
- B. A short-term financial strategy for municipalities
- C. An official public document for growth and development**
- D. A specific zoning law for private properties

A comprehensive plan is an official public document that outlines a community's vision for future growth and development. It serves as a framework for decision-making and helps guide local government actions regarding land use, infrastructure, housing, transportation, and public services. This plan typically encompasses a long-term perspective, often looking ahead 10 to 20 years, and is developed through a public involvement process, reflecting the needs and desires of the community. The comprehensive plan is essential for ensuring that development aligns with the community's goals, maintaining sustainable growth, and preserving resources. It provides a broad overview rather than focusing on specific zoning laws or short-term financial strategies, making it distinct from other planning documents that may be more narrowly focused. The versatility and inclusivity of a comprehensive plan make it a critical tool for effective urban planning and management.

2. What does a condominium consist of in terms of property interest?

- A. A shared interest in a rental unit only
- B. A fee interest in a specific unit and undivided interest in common areas**
- C. Only common area ownership with no individual units
- D. A separate interest in land outside the structure

A condominium consists of a fee interest in a specific unit owned by an individual and an undivided interest in the common areas shared among all unit owners. This structure allows the owner to possess their unit in severalty, meaning they have exclusive rights to the interior of their unit, while simultaneously holding a shared ownership stake in the common elements of the condominium, such as hallways, recreational facilities, and landscaping. This combination of ownership types is a distinctive feature of condominiums, differentiating them from other types of real estate ownership where ownership might be more singular or complete. The undivided interest in common areas ensures that all condominium owners have a stake in the maintenance and upkeep of shared facilities, establishing a community responsibility among residents. Other potential answers describe ownership structures that do not accurately reflect the unique characteristics of condominium ownership. For instance, having only a shared interest in a rental unit ignores the individual ownership aspect of condo units. Ownership that only includes common areas misrepresents the necessary individual ownership of a unit. Lastly, a separate interest in land outside the structure does not pertain to condominium ownership, which is fundamentally about shared living spaces and common property. Thus, the accurate understanding of a condominium's structure is reflected in the correct choice.

3. What does the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) focus on?

- A. Establishing clean air standards
- B. Funding for coastal management
- C. Cleanup of properties impacted by hazardous waste releases**
- D. Regulation of water pollution

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) primarily focuses on the cleanup of properties impacted by hazardous waste releases, which is accurately represented by the correct answer. Established in 1980, CERCLA addresses the identification, investigation, and remediation of sites contaminated by hazardous substances. This Act provides federal authority for responding to releases of hazardous substances that may endanger public health or the environment, ensuring that responsible parties are held liable for cleanup costs. The intent behind CERCLA is to facilitate the clean-up of contaminated sites, which can pose significant health risks to local communities and ecosystems. The Act establishes a process for the government to locate and clean up hazardous waste sites which can include a wide variety of pollutants and contaminants. While the other choices address important environmental issues, they fall outside the scope of CERCLA. Establishing clean air standards pertains to the Clean Air Act, funding for coastal management is generally associated with various coastal-related programs, and regulation of water pollution falls under the Clean Water Act. Each of these legislative acts focuses on specific environmental concerns, whereas CERCLA stands out as the primary federal law for cleaning up hazardous waste sites.

4. What does "agency" refer to in real estate?

- A. A type of mortgage agreement
- B. A legal relationship between an agent and a client**
- C. A classification of property ownership
- D. A set of regulations governing real estate transactions

In real estate, "agency" refers to the legal relationship that exists between an agent and their client. This relationship is foundational to the real estate industry and is established through a mutual agreement where the agent is authorized to act on behalf of the client, typically to buy, sell, or lease property. The agent has a fiduciary duty to act in the best interests of the client, including responsibilities like loyalty, disclosure, and confidentiality. Understanding agency relationships is crucial for real estate professionals, as the nature of these relationships determines how agents interact with their clients and what obligations they have. It influences the legal and ethical standards governing how agents conduct their business, ensuring that clients are represented appropriately and that their interests are prioritized throughout any transaction. The other options relate to different aspects of real estate. A type of mortgage agreement pertains to financing, a classification of property ownership involves legal titles and property rights, and regulations governing real estate transactions address the broader legal framework within which real estate operates. However, these do not capture the essence of the agent-client dynamic encapsulated by the concept of "agency."

5. If a property use is not specifically listed as permitted, what is it considered?

- A. Setbacks
- B. Zoning districts
- C. Permitted uses
- D. Prohibited use**

When a property use is not specifically listed as permitted, it is classified as a prohibited use. This classification means that since the use is not mentioned in the zoning regulations or property use guidelines, it is not allowed to be carried out on the property. Zoning laws are designed to maintain order and compatibility among different land uses within a particular area, thereby providing a framework for land development and use. If a proposed use is not included in the list of permitted uses, it cannot be automatically assumed that it is allowed; instead, it falls into the category of prohibited uses. This ensures that landowners and developers are aware of the limitations and requirements placed on their properties.

6. What is the term for changes made to the basic design or plan of a building, often to correct deficiencies?

- A. Rehabilitation
- B. Modification
- C. Remodeling**
- D. Restoration

The correct term for changes made to the basic design or plan of a building, particularly to address deficiencies, is "remodeling." Remodeling involves a significant alteration of a structure's layout or configuration and often includes updates or improvements to both aesthetics and functionality. This process typically aims to enhance the usability of a space and may involve changing room layouts, adding new features, or improving existing ones. Rehabilitation usually refers to restoring a building to a good condition while preserving its historic elements, while modification can imply smaller adjustments rather than substantial changes. Restoration is associated with returning a property to its original state, which does not necessarily involve correcting deficiencies but instead aims to maintain historical accuracy. Each of these terms has its unique connotations and focuses, making "remodeling" the precise choice for changes aimed specifically at improving a building's design and functionality.

7. What does categorical exclusion refer to in environmental projects?

- A. Projects that have no impact on the environment
- B. Requirements for environmental assessments
- C. Projects that generally are smaller or have no significant environmental impact**
- D. A designation for projects needing federal approval

Categorical exclusion refers to a classification within environmental regulations that identifies certain projects as not requiring an extensive environmental assessment or environmental impact statement because they are either small-scale or determined to have no significant impact on the environment. This designation streamlines the regulatory process, allowing such projects to proceed without undergoing the comprehensive review that larger or potentially more harmful projects would necessitate. In this context, projects categorized under this term typically fall into specific categories predefined by relevant regulations, indicating that their implementation would generally not result in adverse environmental consequences. This approach enables agencies to focus resources on projects that could have a significant environmental effect, making the overall evaluation process more efficient. The other choices do not fully capture the definition of categorical exclusion. For instance, stating that projects have no impact on the environment overly simplifies the criteria. Additionally, mentioning requirements for environmental assessments does not align, as categorical exclusion signifies an exemption from such assessments. Lastly, the idea that these projects need federal approval does not necessarily hold, as categorical exclusions pertain specifically to projects that do not require detailed evaluations rather than all projects needing federal oversight.

8. Why is it important for buyers to review the property disclosure statement?

- A. To negotiate the price of the property
- B. To ensure they understand any risks associated with the property**
- C. To assess the seller's financial status
- D. To evaluate the mortgage options available

Reviewing the property disclosure statement is crucial for buyers as it allows them to understand any potential risks associated with the property. This statement contains essential information that the seller is legally required to disclose, such as known issues with the property, past repairs, environmental hazards, and other relevant factors that might affect the buyer's decision. Understanding these risks helps buyers assess whether the property meets their needs and whether they are comfortable with any repairs or issues that may require attention in the future. This informed decision-making process is key to protecting the buyer's interests and ensuring they are not caught off guard by latent defects or ongoing issues that could impact their enjoyment or financial investment in the property. While negotiating the price, assessing the seller's financial status, and evaluating mortgage options are essential aspects of the real estate transaction process, they do not directly relate to the immediate necessity of understanding the physical and legal condition of the property that a disclosure statement provides. Therefore, the focus on risks associated with the property makes reviewing the property disclosure statement of paramount importance for buyers.

9. What term is used for the restoration of a property to its former or improved condition without altering its basic design?

- A. Renovation
- B. Rehabilitation**
- C. Reconstruction
- D. Restoration

The term that accurately describes the restoration of a property to its former or improved condition without altering its basic design is "restoration." This process involves carefully repairing and renewing structures to return them to their original state while maintaining the architectural integrity and historical significance of the building. Restoration is often based on historical records, previous designs, or photographs to achieve a specific look that reflects the original design or character of the property. While terms such as renovation and rehabilitation might suggest improvement or updating of the property, they tend to imply changes in design or functionality, rather than a strict return to an original state. Reconstruction usually refers to building something again that may be destroyed or not existing anymore, which does not fit the context of maintaining the existing design. Thus, "restoration" is the most precise term for this process.

10. What is commonly indicated by a high R-value?

- A. Poor energy efficiency
- B. High energy loss
- C. Better insulation resistance to heat flow**
- D. Increased construction costs

A high R-value indicates better insulation resistance to heat flow. This measurement reflects the material's effectiveness in preventing heat from passing through it. Insulation materials with higher R-values are more efficient at maintaining indoor temperatures, leading to reduced energy consumption for heating and cooling. This efficiency is particularly important in climates where temperature variations can significantly impact energy costs. When insulation has a high R-value, it means that the material can effectively slow down the transfer of heat, helping to create a stable indoor environment and making homes more comfortable. As a result, homeowners can enjoy lower utility bills and a reduced environmental impact due to less energy usage. Understanding the R-value of insulation helps agents and buyers make informed decisions about energy efficiency and overall building performance.

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://txrealestateprinciples2.examzify.com>

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

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