

# Texas Real Estate State Practice Exam (Sample)

## Study Guide



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

**Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.**

**SAMPLE**

## **Questions**

SAMPLE

- 1. When is a licensed appraiser required for property valuation?**
  - A. For any property worth \$250,000 or more**
  - B. For combining several parcels of land**
  - C. For estimating value using multiple approaches**
  - D. For pledging real property as security**
- 2. What does the Alienation Clause in Texas real estate documents address?**
  - A. Transfer of property ownership**
  - B. Appraisal value determination**
  - C. Property tax assessment**
  - D. Property maintenance responsibilities**
- 3. What is the significance of a home warranty in real estate?**
  - A. It guarantees investment returns**
  - B. It provides peace of mind regarding potential repair costs**
  - C. It serves as a marketing tool for sellers**
  - D. It simplifies the closing process**
- 4. What constitutes constructive eviction?**
  - A. When the landlord raises the rent excessively**
  - B. When a tenant fails to pay rent**
  - C. When a landlord fails to maintain habitable conditions, forcing the tenant out**
  - D. When an eviction notice is served**
- 5. What are the four economic characteristics of land?**
  - A. Metes and Bounds, Lot, Block, and Subdivision, Monuments, Rectangular/ Government Survey**
  - B. Modification, Scarcity, Situs, Durability**
  - C. Indestructibility, Fixity, Situs, Monuments**
  - D. Scarcity, Modification, Fixity, Situs**

- 6. What constitutes a material defect in a property?**
- A. Minor cosmetic issues**
  - B. Any issue that affects the property's value or desirability that is not easily observable**
  - C. Issues found during a home inspection**
  - D. Structural problems that are visible**
- 7. Which term refers to a map or layout of improvements on a property site?**
- A. Plot**
  - B. Plat**
  - C. Voluntary lein**
  - D. Involuntary lein**
- 8. Which type of contract binds only one party, such as an option?**
- A. Court prevents the principal from denying that agency, agency by estoppel**
  - B. Prohibits monopolies**
  - C. Broker exclusive agent but owner can sell**
  - D. Unilateral Contract**
- 9. What is the main purpose of a real estate appraisal?**
- A. To increase property taxes**
  - B. To determine the market value of a property for various purposes**
  - C. To conduct inspections before a sale**
  - D. To verify ownership of the property**
- 10. What is the legal description of land that always has a point of beginning that is also the end?**
- A. Lot, Block, and Subdivision**
  - B. Monuments**
  - C. Metes and Bounds**
  - D. Rectangular/ Government Survey**

## **Answers**

SAMPLE

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

SAMPLE

## **Explanations**

SAMPLE



**1. When is a licensed appraiser required for property valuation?**

- A. For any property worth \$250,000 or more**
- B. For combining several parcels of land**
- C. For estimating value using multiple approaches**
- D. For pledging real property as security**

A licensed appraiser is required for property valuation specifically in scenarios where the property is valued at \$250,000 or more. This requirement stems from regulations that dictate the need for a formal appraisal to ensure that the property's value is accurately assessed, particularly in transactions involving significant sums. In the context of real estate, a higher-value property often necessitates a more rigorous appraisal process due to the potential financial implications involved, such as lending considerations and investment decisions. The threshold of \$250,000 has been established as a baseline measure that typically triggers the requirement for a licensed appraiser to ensure compliance with both legal and industry standards. While the other options involve various aspects of real estate practice, they do not necessarily mandate the engagement of a licensed appraiser in the same way that the valuation of higher-value properties does. For instance, combining parcels of land may involve other types of assessments, and estimating value through multiple approaches can be part of an appraisal process but does not alone require a licensed appraiser without the context of property value. Pledging real property as security may require valuation, but again, it does not specifically necessitate an appraisal at the specified threshold.

**2. What does the Alienation Clause in Texas real estate documents address?**

- A. Transfer of property ownership**
- B. Appraisal value determination**
- C. Property tax assessment**
- D. Property maintenance responsibilities**

The Alienation Clause in Texas real estate documents specifically addresses the transfer of property ownership. This clause allows a lender to call the entire loan balance due when the property is sold or transferred without the lender's prior consent. Its purpose is to protect the lender's interests by ensuring that they have control over who can assume the mortgage and become responsible for the loan. This clause is significant in real estate transactions because it can affect the transaction dynamics, especially in situations involving the sale or assignment of a mortgage or lease. If the property owner wants to sell their property, they must consider the terms of this clause, as violating it could lead to foreclosure or other legal consequences. The other options involve different aspects of real estate that are not directly related to the transfer of ownership. Appraisal value determination focuses on assessing the property's market value, property tax assessment pertains to the valuation of a property for tax purposes, and property maintenance responsibilities deal with the upkeep and care of the property; none of these are directly tied to the Alienation Clause itself.

### 3. What is the significance of a home warranty in real estate?

- A. It guarantees investment returns
- B. It provides peace of mind regarding potential repair costs**
- C. It serves as a marketing tool for sellers
- D. It simplifies the closing process

A home warranty in real estate primarily offers peace of mind regarding potential repair costs. This is significant for both buyers and sellers, as it helps to mitigate the anxiety associated with unforeseen expenses related to home maintenance and repairs after the purchase. Buyers appreciate the coverage that a home warranty can provide, knowing that if major home systems or appliances fail, they have a safety net that can help cover the costs of repairs or replacements. While a home warranty can serve as a marketing tool for sellers—making their property more attractive by offering assurance to potential buyers—that is a secondary benefit. The primary importance lies in the comfort it provides to buyers, encouraging them to move forward with their purchase knowing they are protected from unexpected financial burdens. Additionally, a home warranty can make the transition to homeownership smoother, but its core value focuses on the financial reassurance it offers.

### 4. What constitutes constructive eviction?

- A. When the landlord raises the rent excessively
- B. When a tenant fails to pay rent
- C. When a landlord fails to maintain habitable conditions, forcing the tenant out**
- D. When an eviction notice is served

Constructive eviction occurs when a landlord's actions or inactions create conditions that effectively force a tenant to leave the property, as these conditions make it unlivable or unsuitable for the intended purpose of residence. In this case, the failure of a landlord to maintain habitable conditions—such as not addressing significant issues like plumbing problems, unsafe electrical systems, or lack of heat—can compel the tenant to vacate the premises. The situation becomes so intolerable that a reasonable person would feel obligated to leave. The other choices present scenarios that do not align with the definition of constructive eviction. For instance, raising the rent excessively could lead to disputes but does not directly constitute constructive eviction unless it significantly exacerbates an already uninhabitable situation. A tenant failing to pay rent is not a reflection of the landlord's responsibilities or actions, and serving an eviction notice is a legal procedure that does not necessarily relate to conditions of habitability or tenant rights. Hence, the focus on the landlord's failure to maintain a livable environment is the key factor that defines constructive eviction accurately.

## 5. What are the four economic characteristics of land?

- A. Metes and Bounds, Lot, Block, and Subdivision, Monuments, Rectangular/ Government Survey
- B. Modification, Scarcity, Situs, Durability
- C. Indestructibility, Fixity, Situs, Monuments
- D. Scarcity, Modification, Fixity, Situs**

The four economic characteristics of land are Scarcity, Modification, Fixity, and Situs. Scarcity refers to the limited supply of land, which can increase its value based on demand. This concept highlights that land is a finite resource, meaning that as the population grows, the competition for land tends to increase, leading to higher values. Modification speaks to how land can be altered or improved through various means, such as construction or development. Changes made to land can significantly enhance its value and usability, illustrating how human efforts can contribute to the economic potential of a property. Fixity addresses the permanence of land; once land is developed or improved, those changes are generally lasting. This characteristic emphasizes that land does not move or diminish in the same way that other assets might, contributing to its long-term value. Situs is the location of the land, which can greatly affect its desirability and market value. The specific characteristics and attributes of a location, including accessibility, neighborhood dynamics, and local amenities, play a crucial role in determining how much land is worth. Collectively, these four characteristics inform how land is valued and traded within the real estate market in Texas and beyond.

## 6. What constitutes a material defect in a property?

- A. Minor cosmetic issues
- B. Any issue that affects the property's value or desirability that is not easily observable**
- C. Issues found during a home inspection
- D. Structural problems that are visible

A material defect is defined as a significant issue with a property that affects its value or desirability and may not be easily detectable upon a casual inspection. This concept is critical in real estate transactions because it highlights aspects of a property that could impact a buyer's decision, potentially affecting property's marketability. For example, issues like plumbing problems, roof leaks hidden from immediate view, or foundation issues can dramatically influence a property's overall value and may not be apparent without a thorough investigation or disclosure. In contrast, minor cosmetic issues generally do not affect a property's value in a significant way or may not deter buyers to the same extent. Issues discovered during a home inspection can include both material defects and minor problems; therefore, they do not exclusively define a material defect. Similarly, while visible structural problems may be serious, if they are apparent and easily observable, they may not fit the definition of a material defect, since material defects are often related to hidden issues that impact value or desirability.

**7. Which term refers to a map or layout of improvements on a property site?**

**A. Plot**

**B. Plat**

**C. Voluntary lien**

**D. Involuntary lien**

The correct term for a map or layout of improvements on a property site is "plat." A plat is a detailed drawing that illustrates how land is subdivided into lots, showing the boundaries, easements, and locations of buildings and other improvements. This term is commonly used in real estate when referring to either existing subdivisions or proposed developments, as it helps stakeholders visualize the layout and spatial relationships of the property. The other terms do not pertain to the layout or mapping of property. A "plot" can refer to a specific piece of land but doesn't carry the same implication of a formalized, detailed layout as a plat. "Voluntary lien" and "involuntary lien" refer to legal claims against property, which are unrelated to the mapping or physical layout of improvements on the property.

**8. Which type of contract binds only one party, such as an option?**

**A. Court prevents the principal from denying that agency, agency by estoppel**

**B. Prohibits monopolies**

**C. Broker exclusive agent but owner can sell**

**D. Unilateral Contract**

A unilateral contract is defined as a type of contract that binds only one party to fulfill their obligations. In the context of real estate, this applies to agreements such as options to purchase, where only one party—the option holder—has the right to execute the contract, while the other party, the option giver, is bound to uphold the terms if the option is exercised. In a unilateral contract, the person who has made the offer is the only one who is obligated to perform; the other party is not required to perform any action. This is distinct from bilateral contracts, where both parties have responsibilities and are bound to fulfill their terms. The nature of unilateral contracts makes them particularly suitable for scenarios where one party wishes to maintain the right to make a choice without obligating themselves until a later time, thus providing the option holder with flexibility. Options in real estate allow potential buyers to secure the right to purchase a property at a certain price within a specified time frame, demonstrating the characteristics of unilateral contracts effectively.

**9. What is the main purpose of a real estate appraisal?**

- A. To increase property taxes
- B. To determine the market value of a property for various purposes**
- C. To conduct inspections before a sale
- D. To verify ownership of the property

The main purpose of a real estate appraisal is to determine the market value of a property for various purposes. Appraisals are essential assessments conducted by qualified professionals to provide an unbiased estimate of a property's value based on factors such as location, condition, comparable sales, and current market trends. This valuation is crucial not only for buyers and sellers in negotiations and pricing but also for lenders during the financing process and for tax assessments. While property taxes might be influenced by appraisals, the aim of an appraisal itself is not to increase property taxes. Conducting inspections is a different activity often part of the buying process but not the primary focus of appraisals. Verifying ownership might occur during title searches or legal proceedings, which are not the objectives of a property appraisal. Thus, identifying market value is the central role that appraisals serve in real estate transactions.

**10. What is the legal description of land that always has a point of beginning that is also the end?**

- A. Lot, Block, and Subdivision
- B. Monuments
- C. Metes and Bounds**
- D. Rectangular/ Government Survey

The legal description of land that always has a point of beginning that is also the end is known as Metes and Bounds. This method of land description utilizes specific measurements and directions to outline the boundaries of a parcel of land, starting at a defined point of beginning and eventually returning to that same point. This is crucial because it creates a closed loop that precisely defines the property's boundaries. Metes refers to the measurement of distance, often using feet, while bounds refer to the physical features or landmarks that define the property's limits. This method is particularly useful for irregularly shaped parcels of land, providing flexibility in describing various properties. Other methods of legal description, such as Lot, Block, and Subdivision, rely on recorded maps and are more suitable for subdivisions, while Rectangular or Government Survey is based on a grid system for large areas of land. Monuments can assist in establishing boundaries but do not inherently provide a complete and self-referencing description as Metes and Bounds does.