

Texas Real Estate State Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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 type of lien is created by the borrower's actions such as taking out a mortgage?**
 - A. Involuntary lien**
 - B. Specific lien**
 - C. 43,560 square feet**
 - D. Voluntary lien**

- 2. What term refers to a common example of Police Power where a non-conforming use is still grandfathered in?**
 - A. Eminent Domain**
 - B. Special Assessment Tax**
 - C. Buffer Zone**
 - D. Zoning**

- 3. What emphasizes that land and buildings are fixed or permanent investments rather than liquid assets in real estate?**
 - A. Fixity**
 - B. Scarcity**
 - C. Indestructibility**
 - D. Modification**

- 4. How long is the typical duration of a residential lease in Texas?**
 - A. Generally six months**
 - B. Generally two years**
 - C. Generally one year, but it can vary**
 - D. Generally three months**

- 5. Which type of land description always has a point of beginning that is also the end?**
 - A. Rectangular/ Government Survey**
 - B. Monuments**
 - C. Lot, Block, and Subdivision**
 - D. Metes and Bounds**

6. What is the term for the limited use or enjoyment of another's land, whether written, verbal, or implied?

- A. Easement in Gross**
- B. Adverse Possession (Squatter's rights)**
- C. License**
- D. Easement**

7. In Texas, what is the maximum reason deductions can be made from a security deposit?

- A. For any reason the landlord sees fit**
- B. Only for unpaid rent or damages beyond normal wear and tear**
- C. For cleaning fees**
- D. For general maintenance costs**

8. What is the purpose of the Defeasance Clause related to a Texas property transaction?

- A. To increase property value**
- B. To release a lien when debt is repaid**
- C. To allow the lender to raise the interest rate**
- D. To waive prepayment penalties**

9. Which of the following best defines the term 'lease' in real estate?

- A. A legal document specifying the responsibilities of the landlord only**
- B. An agreement that allows a person to occupy a property for a specified period**
- C. A financial transaction related to property investment**
- D. A method of buying property outright**

10. Which statement is true regarding the responsibilities in a listing agreement?

- A. Only the agent has responsibilities**
- B. Both parties have clearly defined responsibilities**
- C. The seller has no responsibilities**
- D. Responsibilities are only determined at the time of closing**

Answers

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

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Explanations

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1. Which type of lien is created by the borrower's actions such as taking out a mortgage?

- A. Involuntary lien**
- B. Specific lien**
- C. 43,560 square feet**
- D. Voluntary lien**

The correct answer is related to the concept of how liens are established based on the actions taken by the borrower. A voluntary lien is created when a borrower willingly enters into an agreement, such as taking out a mortgage. By signing the mortgage documents, the borrower acknowledges that the lender will have a legal claim (or lien) against the property in exchange for the loan. This distinguishes it from involuntary liens, which arise without the borrower's consent due to actions like unpaid taxes or legal judgments. A specific lien pertains to a specific piece of property, but it does not address the voluntary nature of how the lien was created. The reference to "43,560 square feet" is unrelated to the question, as it refers to the measurement of an acre, not a type of lien. Thus, the nature of a voluntary lien accurately captures the condition under which the lien is established, highlighting the borrower's conscious decision to create that obligation.

2. What term refers to a common example of Police Power where a non-conforming use is still grandfathered in?

- A. Eminent Domain**
- B. Special Assessment Tax**
- C. Buffer Zone**
- D. Zoning**

The correct term for a common example of police power that allows a non-conforming use to be grandfathered in is zoning. Zoning regulates land use and establishes certain guidelines that properties must adhere to within specific districts. When a property was in existence before a zoning ordinance was enacted that changed the permissible uses, the non-conforming use can continue. This concept, often referred to as being "grandfathered in," is a legal allowance provided to maintain continuity and protect existing businesses or structures from being forced to comply with new regulations. Other terms mentioned, like eminent domain, involve the government taking private property for public use, while special assessment tax relates to funding public improvements that specifically benefit a property. A buffer zone typically refers to an area of land kept separate to mitigate adverse impacts between different land uses but does not specifically address the grandfathering of non-conforming uses in zoning contexts.

3. What emphasizes that land and buildings are fixed or permanent investments rather than liquid assets in real estate?

- A. Fixity**
- B. Scarcity**
- C. Indestructibility**
- D. Modification**

The concept that emphasizes land and buildings as fixed or permanent investments is primarily related to fixity. Fixity refers to the notion that real estate is immobile and cannot be moved. Unlike liquid assets such as stocks or bonds, which can be quickly bought or sold, real estate transactions typically involve a longer time frame and a greater level of investment permanence. This characteristic underscores the idea that land and buildings are significant, lasting investments, often requiring considerable time and resources to acquire and develop. Other options like scarcity, indestructibility, and modification relate to different aspects of real estate. Scarcity pertains to the limited availability of land and resources, which can affect value but does not specifically address the permanence of the investment. Indestructibility refers to the inherent durability of land and buildings, suggesting they cannot be destroyed. While this is a valid characteristic, it doesn't focus on the fixed investment nature. Modification involves changes made to the property, which also doesn't capture the essence of fixity as it relates to immobility and permanence in investment.

4. How long is the typical duration of a residential lease in Texas?

- A. Generally six months**
- B. Generally two years**
- C. Generally one year, but it can vary**
- D. Generally three months**

The typical duration of a residential lease in Texas is generally one year, but it can vary based on the preferences of the landlord and the tenant. One-year leases are common because they provide a stable arrangement for both parties, allowing tenants to secure long-term housing and landlords to ensure consistent rental income. However, leases can also be shorter or longer, depending on the specific terms negotiated. For instance, landlords may offer six-month leases to accommodate tenants seeking more flexibility, or they may provide two-year leases to lock in tenants for an extended period. This variability is essential for landlords and tenants to understand as it allows them to choose a lease term that best fits their needs.

5. Which type of land description always has a point of beginning that is also the end?

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

Metes and Bounds descriptions are based on natural and man-made features, such as rivers and roads, rather than artificially drawn lines like the other options. This means that the beginning and ending points are clearly defined and can be easily traced and measured, making them a more accurate and efficient way of describing land.

Rectangular/Government Survey descriptions can easily become misaligned or lost due to changes in topography, while Monuments and Lot, Block, and Subdivision descriptions rely on fixed points that may not always be accurate or available. Therefore, Metes and Bounds is the most reliable and precise option for land descriptions.

6. What is the term for the limited use or enjoyment of another's land, whether written, verbal, or implied?

- A. Easement in Gross**
- B. Adverse Possession (Squatter's rights)**
- C. License**
- D. Easement**

The term that describes the limited use or enjoyment of another's land is an easement. An easement grants one party the right to use a specific portion of another party's property for a designated purpose, such as access to a road or utilities, while the property ownership remains unchanged. Easements can be established through written agreements, verbal permissions, or even implied rights based on long-standing usage. Easements are typically categorized into two main types: easements appurtenant, which benefit a particular piece of land, and easements in gross, which benefit an individual or entity regardless of land ownership. However, the general definition often encompasses any granted usage of land, making "easement" the broader term that captures this concept effectively. In contrast, a license refers to a more temporary and revocable permission to use someone else's property, which usually does not transfer with land ownership. Adverse possession involves taking ownership of land through continuous and open use over a specified period, ultimately leading to legal ownership rights. Therefore, understanding the proper definitions and uses helps to clarify why easement is the most suitable answer to the question presented.

7. In Texas, what is the maximum reason deductions can be made from a security deposit?

- A. For any reason the landlord sees fit**
- B. Only for unpaid rent or damages beyond normal wear and tear**
- C. For cleaning fees**
- D. For general maintenance costs**

In Texas, the law stipulates that a landlord can only make deductions from a security deposit for specific reasons. These reasons include unpaid rent and damages that exceed normal wear and tear. Normal wear and tear refers to the natural deterioration that occurs in a property over time due to regular use, while damages that fall outside of this scope would be costs that the landlord may incur to restore the property to its original condition. This approach emphasizes the protection of tenants' rights while ensuring landlords can recover funds for legitimate losses. Deductions for cleaning fees are often considered part of maintaining property standards rather than damages, and while cleaning expenses can sometimes be justifiable, they shouldn't overshadow the primary allowable deductions. General maintenance costs are also not a valid reason for deductions, as these are typically the landlord's responsibility to manage during a tenant's lease period. Focusing on these restrictions helps clarify the legal framework surrounding security deposits, ultimately aiding both landlords and tenants in understanding their rights and obligations within the rental agreement.

8. What is the purpose of the Defeasance Clause related to a Texas property transaction?

- A. To increase property value**
- B. To release a lien when debt is repaid**
- C. To allow the lender to raise the interest rate**
- D. To waive prepayment penalties**

The purpose of the Defeasance Clause in a Texas property transaction is to release a lien when the debt is fully repaid. In real estate financing, a defeasance clause ensures that once the borrower has paid off their mortgage or loan, the lender must provide documentation indicating that the lien on the property is removed. This is crucial for property owners as it helps clear the title of any claims from the lender after obligations have been fulfilled. This clause provides a measure of assurance for property owners, allowing them to gain full ownership free of encumbrances once they meet their financial commitments. The other options pertain to different aspects of real estate and financial agreements, but they do not accurately describe the primary function of the defeasance clause. For instance, while raising interest rates and waiving prepayment penalties may impact loan terms, they do not relate to the release of a lien upon repayment. Additionally, increasing property value is influenced by various market factors and is not the direct result of a defeasance clause.

9. Which of the following best defines the term 'lease' in real estate?

- A. A legal document specifying the responsibilities of the landlord only**
- B. An agreement that allows a person to occupy a property for a specified period**
- C. A financial transaction related to property investment**
- D. A method of buying property outright**

The term 'lease' in real estate is best defined as an agreement that allows a person to occupy a property for a specified period. This definition captures the essence of what a lease entails—it's a contractual arrangement between a landlord (lessor) and a tenant (lessee) that grants the tenant the right to use and inhabit the property under specific conditions agreed upon in the lease document. Leases typically include details such as the duration of the occupancy, the amount of rent to be paid, responsibilities for maintenance, and other conditions governing the use of the property. This structured framework protects the rights of both parties and clearly outlines what is expected during the rental period. In contrast, a definition focusing solely on the responsibilities of the landlord misses the vital component of tenant rights and does not encompass the reciprocal nature of the lease agreement. The option relating to financial transactions refers more broadly to real estate investments, lacking the specificity needed to define a lease. Lastly, the method of buying property outright does not pertain to leasing, as a lease is fundamentally about temporary occupancy rather than ownership transfer.

10. Which statement is true regarding the responsibilities in a listing agreement?

- A. Only the agent has responsibilities**
- B. Both parties have clearly defined responsibilities**
- C. The seller has no responsibilities**
- D. Responsibilities are only determined at the time of closing**

In a listing agreement, both the agent and the seller have clearly defined responsibilities that are outlined within the terms of the contract. This mutual understanding is crucial for a successful real estate transaction. The agent is typically tasked with marketing the property, providing guidance and advice, ensuring compliance with legal requirements, and representing the seller's interests. At the same time, the seller is responsible for providing accurate information about the property, maintaining the property's condition, and cooperating with the agent during showings and negotiations. This balance of responsibilities is what creates a professional relationship that encourages accountability and effective communication. By outlining these duties, the listing agreement helps prevent misunderstandings and ensures that both parties are aware of their roles throughout the selling process. This clarity is essential for a smooth transaction, ultimately serving the best interests of both the seller and the agent in their collaborative efforts.

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://texasrealestate.examzify.com>

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

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