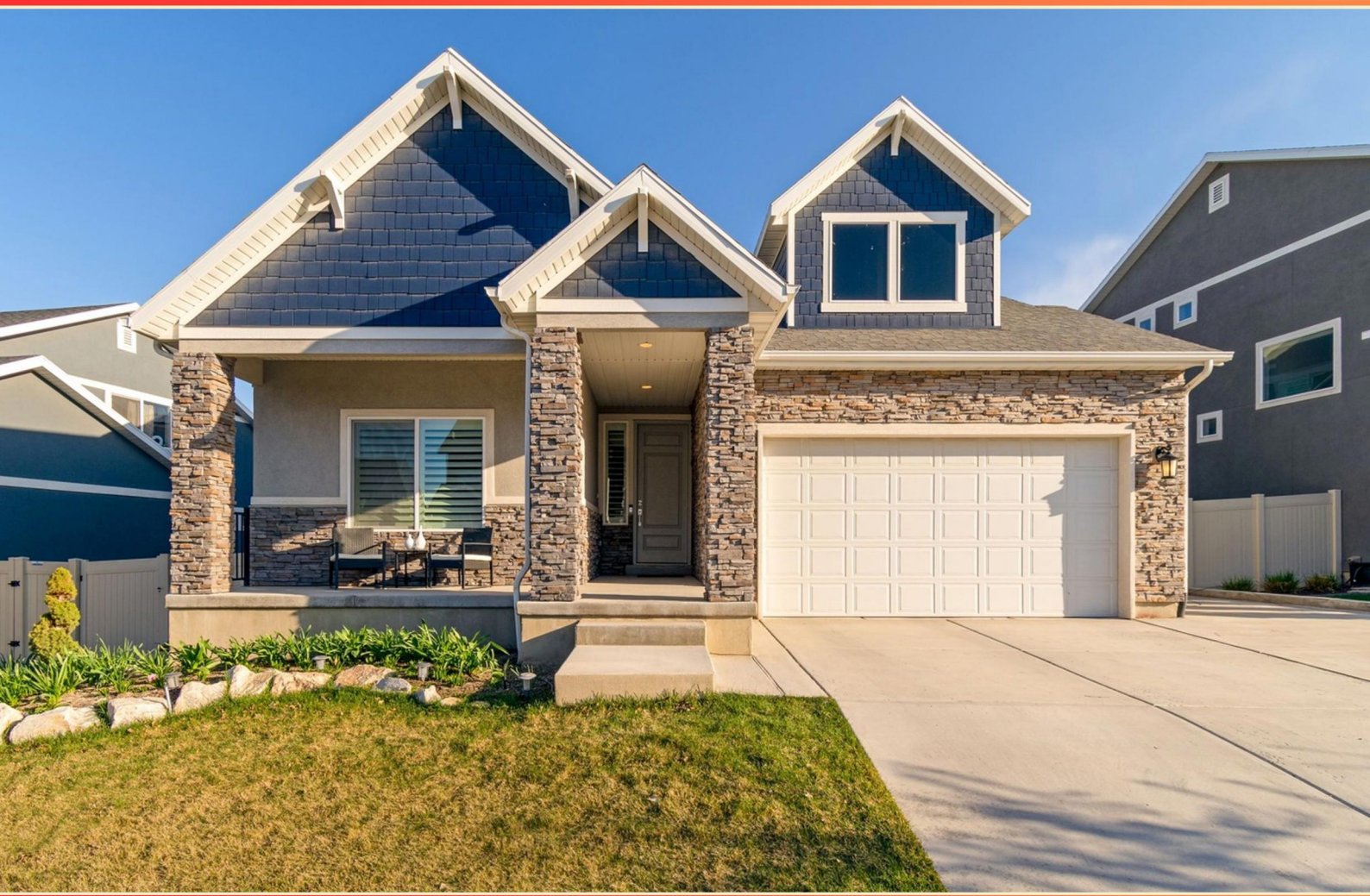
REAL ESTATE PRINCIPLES 1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://realestateprinciples1.examzify.com

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Table of Contents

Copyright 1
Table of Contents 2
Introduction 3
How to Use This Guide 4
Questions 5
Answers 8
Explanations 10
Next Steps 15

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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.

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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!

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Questions

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1. **When a broker signs a listing agreement with a seller, what type of agency is most commonly created?**

   A. General agency

   B. Universal agency

   C. Special agency

   D. Dual agency

2. **By what time must licensees notify TREC of any change in address?**

   A. Within 5 days

   B. Within 10 days

   C. Within 30 days

   D. Within 60 days

3. **Why can't brokers draft their own contracts for transfers of real property?**

   A. It is a standard business practice

   B. It is encouraged by regulators

   C. It requires a licensed attorney to approve all drafts

   D. It's considered an unauthorized practice of law

4. **Which TREC form would be used for a new home contract when construction is incomplete?**

   A. New Home Contract (Completed Construction)

   B. New Home Contract (Incomplete Construction)

   C. Unimproved Property Contract

   D. Residential Condominium Contract (Resale)

5. **Which of the following would most directly influence a property's value due to its location-based desirability?**

   A. Zoning

   B. Situs

   C. Title history

   D. Escrow terms

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6. A limited partner is typically not involved in:

A. The day to day activities of the business

B. Capital contributions

C. Profit sharing

D. Tax planning

7. Which agency term describes the arrangement where the broker represents the seller under a listing?

A. General agency

B. Dual agency

C. Special agency

D. Universal agency

8. What serves as the basis of all real estate law in the United States?

A. Magna Carta

B. Common Law

C. US Constitution

D. Bill of Rights

9. Which statement about fixtures is correct?

A. It remains real property after installation

B. It can be removed easily

C. It becomes personal property after installation

D. It is always negotiable separately

10. Which is NOT a required element of a valid contract?

A. Mutual assent

B. Consideration

C. Legally competent parties

D. Notarization

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Answers

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

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Explanations

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1. When a broker signs a listing agreement with a seller, what type of agency is most commonly created?

A. General agency

B. Universal agency

C. Special agency

D. Dual agency

When a seller signs a listing, the broker is given authority to act on behalf of the seller for a specific transaction involving that property. This setup creates a special agency: the broker's duties and powers are limited to preparing, marketing, showing the property, evaluating offers, and negotiating terms for that particular sale. It is transaction focused and does not grant broad, ongoing authority over other matters. General agency would imply broader rights to handle many unrelated affairs for the principal, which isn't what a listing provides. Universal agency is even broader and not typical in real estate. Dual agency refers to representing both sides in the same transaction; this can happen but is not the default result of a listing and requires separate consent due to potential conflicts of interest. So, the most common type of agency created by a listing agreement is a special agency.

2. By what time must licensees notify TREC of any change in address?

A. Within 5 days

B. Within 10 days

C. Within 30 days

D. Within 60 days

Keeping TREC informed of your current address is crucial because the commission relies on that address to send official notices about licensing, renewals, and disciplinary actions. You must notify of any change of address within 10 days. This timeframe helps ensure you receive all important communications promptly and stay in compliance. Shorter windows (like 5 days) would be unnecessarily tight, while longer windows (30 or 60 days) risk missing timely notices. Notice is typically submitted through the TREC license management system.

3. Why can't brokers draft their own contracts for transfers of real property?

A. It is a standard business practice

B. It is encouraged by regulators

C. It requires a licensed attorney to approve all drafts

D. It's considered an unauthorized practice of law

In real estate practice, drafting contracts for transferring property is considered the practice of law. Brokers are licensed to facilitate transactions, not to provide legal services, so they aren't authorized to draft their own transfer contracts. This rule protects clients by reducing the risk of ambiguous or unenforceable provisions and ensures documents meet state laws and standards. Brokers may use standardized, approved forms and fill in required details, but creating a custom contract or changing key terms from scratch is generally considered unauthorized practice of law. That's why the correct explanation is that it's not allowed because it falls under the unauthorized practice of law.

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4. Which TREC form would be used for a new home contract when construction is incomplete?

A. New Home Contract (Completed Construction)

B. New Home Contract (Incomplete Construction)

C. Unimproved Property Contract

D. Residential Condominium Contract (Resale)

This item tests choosing a form that fits the property's construction status. When a buyer pursues a new home contract but construction is still unfinished, the appropriate form is the one that specifically handles ongoing construction, anticipated completion dates, and the builder's obligations. That form is designed to address progress milestones, potential delays, and changes during the build, protecting both parties as the home is completed. Using the form for completed construction would misalign with the current state of the home, since it assumes the property is already finished and ready for occupancy. An Unimproved Property Contract is meant for land with no dwelling, so it wouldn't cover construction progress. The Residential Condominium Contract (Resale) applies to existing condo units, not a new home under construction.

5. Which of the following would most directly influence a property's value due to its location-based desirability?

A. Zoning

B. Situs

C. Title history

D. Escrow terms

Location matters for real estate value because buyers pay for the advantages of where a property sits—the neighborhood, accessibility, nearby amenities, and overall desirability of the area. That location-based desirability is termed situs, and it directly drives how much people are willing to pay. While zoning can influence value by restricting or enabling certain uses, and title history or escrow terms relate to ownership and the closing process, none of these capture the immediate appeal of the location itself in the way situs does.

6. A limited partner is typically not involved in:

A. The day to day activities of the business

B. Capital contributions

C. Profit sharing

D. Tax planning

Limited partners are passive investors who provide capital and share in the profits, but they do not run the business. Their role is to contribute funds and receive a share of profits (and related tax allocations) as outlined in the partnership agreement, while day-to-day management remains with the general partner. Because of that, engaging in daily operational decisions would undermine their limited liability and the structure of the partnership. So, the activity they are typically not involved in is the day-to-day activities of the business. The other options fit their role: they contribute capital, they participate in profit sharing, and they have a tax position that reflects their share of the partnership's income.

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7. Which agency term describes the arrangement where the broker represents the seller under a listing?

A. General agency

B. Dual agency

C. Special agency

D. Universal agency

The arrangement tested here is a special agency. When a seller signs a listing, the broker is appointed to act on behalf of the seller for the specific task of selling that property in that transaction. The broker has authority to market the property, present and negotiate offers, and otherwise handle the sale within the scope of the listing, but this authority is limited to this particular transaction. It's different from general agency, where the agent would handle a broader range of the principal's affairs; universal agency, which would give the agent authority over almost all aspects of the principal's life; and dual agency, which involves representing both the seller and the buyer in the same transaction.

8. What serves as the basis of all real estate law in the United States?

A. Magna Carta

B. Common Law

C. US Constitution

D. Bill of Rights

The foundation is the United States Constitution. It's the supreme law that frames and limits how property rights are defined and protected, and it governs the powers of government to regulate land and transactions. Real estate concepts like ownership, transfer, contracts, and security interests all operate within constitutional boundaries. For example, the takings clause of the Fifth Amendment requires just compensation when private property is taken for public use, and the due process provisions (expanded to the states by the Fourteenth Amendment) protect people in property-related actions. The Constitution also establishes the federal–state balance, influencing how both federal and state laws interact with real estate practices. While state laws and common law shape day-to-day real estate dealings, they must align with constitutional principles. Magna Carta isn't the binding source of U.S. real estate law, and while the Bill of Rights is part of the Constitution, it's the Constitution as a whole that serves as the basis for real estate law.

9. Which statement about fixtures is correct?

A. It remains real property after installation

B. It can be removed easily

C. It becomes personal property after installation

D. It is always negotiable separately

Fixtures are items that become part of real property when they're installed with the intent to stay. Once attached and intended to stay, they are treated as real property and pass with the property in a sale, unless the contract specifically excludes them. This is why the statement that a fixture remains real property after installation is the correct understanding. The notion that a fixture can be removed easily isn't generally true, because removing it can damage the property and may require consent or a separate agreement; fixtures are not personal property after installation. They don't become personal property simply because they're installed. And they aren't automatically negotiable separately; by default they transfer with the property in most real estate transactions unless the buyer and seller agree otherwise in the purchase agreement.

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10. Which is NOT a required element of a valid contract?

A. Mutual assent

B. Consideration

C. Legally competent parties

D. Notarization

Notarization is not a required element of a valid contract. What makes a contract enforceable are mutual assent (an offer and acceptance), consideration (something of value exchanged), and the parties' legal capacity and lawful purpose. Notarization is a separate formality that can help prove who signed and when, and may be required for certain documents or for recording, but it doesn't by itself create enforceability. For real estate, there's also the writing requirement under the Statute of Frauds, but notarization isn't the determining factor there—the contract must simply be in writing.

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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://realestateprinciples1.examzify.com

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

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