

## Texas Principles of Real Estate II Final Exam| Questions and Verified Answers| Grade A| 2023/ 2024 Update

**Q:** a lease for one year or less

**Answer:**

the only contract that does not have to be in writing to be enforceable

**Q:** Attorney in Fact

**Answer:**

a person holding a power of attorney

**Q:** substitution of a contract with another contract ie. counteroffer

**Answer:**

Novation

**Q:** when one party fails to perform the duties of the contract-they can be asked by judge to partially perform or substantially perform

**Answer:**

breached

**Q:** money offered to seller to entice seller to go under contract

**Answer:**

earnest money

**Q:** gives buyer the right to demand legal title to the property when the purchase price is paid

**Answer:**

equitable title

**Q:** seller financing and buyer does not get deed until the property has been paid for in full

**Answer:**

contract for deed/installment contract

**Q:** that the property may contain lead based paint-Federal Law

**Answer:**

if property was built before 1978 seller must disclose

learnexams

\_\_\_\_\_ is the principle that the more similar properties there are on the market, the lower the price will be driven.

**Answer:**

Competition

**Q:** A \_\_\_\_\_ is made when a property is sold for more than the original price.

**Answer:**

Profit

**Q:** A \_\_\_\_\_ is the bottom number of a fraction.

**Answer:**

Denominator

**Q:** A \_\_\_\_\_ is the top number of a fraction.

**Answer:**

Numerator

**Q:** A \_\_\_\_\_ is a ratio that compares two quantities.

**Answer:**

Rate

**Q:** A 20-unit apartment building sells for \$5 million. The property can bring in \$400,000 in annual gross income. What is the gross income multiplier (GIM)?

**Answer:**

12.5

**Q:** A form of depreciation or loss in value caused by defects in design is called \_\_\_\_\_.

**Answer:**

Functional obsolescence

**Q:** A licensee must understand risks and provide disclosure of known environmental issues. A licensee must also do which of the following?

**Answer:**

Know when to ask questions.

**Q:** A loss in value caused by an undesirable or hazardous influence offsite is which type of depreciation?

**Answer:**

External depreciation

**Q:** A property appraises at \$320,000. If the assessment rate is 100% and the tax rate is \$1 per \$100, what are the semi-annual property taxes?

**Answer:**

\$1,600

**Q:** A property generates \$30,000 in net operating income and has a 15% cap rate. Using the income approach, what is its value?

**Answer:**

\$200,000

**Q:** A real estate transaction has a closing date of April 20. The seller, who's responsible for closing costs up to and including the day of settlement, has already paid property taxes of \$1,447 for the calendar year. If proration is based on a statutory calendar, the buyer will be \_\_\_\_\_ on the closing statement.

**Answer:**

Debited \$1,005 - The buyer will be debited \$1005 because the buyer owes the seller this amount for taxes the seller already paid.  $\$1,447 \div 360 = \$4.02$ , and  $\$4.02 \times 250 \text{ days} = \$1005$ .