

### Practice State Exam

This is a 70-questions practice test. It is an example of the State Exam. Feel free to take your time and take this as practice before the State Exam

**1. A tenant has a pet in violation of a lease agreement. The property manager provides a written notice, and the tenant gets rid of the pet in accordance with said notice. 8 months later the tenant gets another pet. The property manager should then:**

- Provide a 3 day notice to vacate
- Provide a 3 day notice to correct or vacate
- Provide a 5 day notice to vacate
- Provide a 7 day notice to vacate

**2. If a unit is not available for the tenant to move into on the agreed upon date, the tenant may give a \_\_\_\_\_ notice to terminate.**

- 48 hours
- 3 day
- 5 day
- 7 day

**3. What is the annual license renewal date for real estate licensees?**

- January 1st
- 365 days after license issuance
- The last day of the month, 1 year after license issuance
- October 31<sup>st</sup>

**4. Which of the following scenarios would NOT be exempt from the federal Fair Housing Act**

- Housing at a synagogue wanting to only rent to Jewish tenants
- Renting out private units at Harvard club to only club members
- A 20 unit apartment complex renting their apartments solely to women
- An owner renting out the other portion of their home to a family with small children

**5. Select which is not a protected class for housing explicitly specified in the Montana statutes:**

- Age
- Smoking Preference
- Marital status
- Religion

**6. If no length is specified, the default lease length for commercial properties is:**

- 30 days
- 90 days
- 1 year
- 3 years

**7. What is the definition of cash flow:**

- Net operating income (NOI) + utility payments
- Net operating income (NOI) - debt service
- Gross Potential Income - Operating Expenses
- Effective gross income - vacancy loss

**8. What is the annual net operating income (to the nearest dollar)? 321 Main St.**

**19 units avg. of \$525/ per leased unit • 5% vacancy factor • \$1500 / month Maintenance • \$400 / month utilities • 5% gross rents management fee • \$300 /month insurance • \$250 / month property taxes • \$3000 / month debt service**

- 3,552.00
- 6,552.44
- 42,629.00
- 78,629.00

**9. In lieu of a \$200 security deposit, a Landlord agrees to allow a Tenant to clean their dirty unit on arrival. Upon move-out the Tenant leaves the unit clean with no damage or monies owed. The Landlord:**

- must refund the tenant a \$200 security deposit for value given for the cleaning at the start of the lease.
- should provide a closing statement, however he need not return a security deposit because none was paid.
- is not obligated to do anything.
- must refund  $\frac{1}{2}$  the security deposit

**10. How much is the monthly rent for office space that measures 30 ft x 45 ft, with a yearly rent price of \$7.50/sq. ft.?**

- 843.75
- 912.50
- 1,012.50
- 10,125.00

**11. In a commercial building where the tenant pays in addition to rent, certain costs (maintenance, insurance, etc.) there is typically which type of lease:**

- Land Lease
- Gross Lease
- Commission Lease
- Net Lease

**12. What parties are the sole players in a fiduciary relationship?**

- Owners and Tenants
- Agents and Tenants
- Principals and Agents
- Principals and Owners

**13. A tenant that continues to occupy a rental premise after the expiration of their lease is referred to as a:**

- holdover tenant
- sublessee
- lessor
- tenant with joint severability

**14. How many continuing education hours must be completed yearly, prior to renewal:**

- 12 hours
- 8 hours
- 16 hours
- 4 hours

**15. An unconscionable provision in a rental agreement may:**

- render the entire rental agreement unenforceable
- give additional protections to the landlord
- create a binding effect on the tenant
- supersede any other provision of a rental agreement

**16. When may a Landlord adopt new rules for a building:**

- When 14 days notice is given for month-to-month tenants
- When it applies to all occupants of the building in a fair manner
- As soon as written notice is given to the tenants
- When a majority of tenants consent to the rule

**17. \_\_\_\_\_ is an important factor in establishing an owner-manager relationship.**

- Friendship
- Communication
- Creditworthiness
- Ethnic background

**18. You suspect that a tenant is operating a prostitution business at a property you are managing. You should:**

- report them to the Department of Labor & Industry
- contact law enforcement
- evict them immediately with a 3 day notice
- reason with them and verbally ask them to stop

**19. Which of the following are mandatory in the new property manager required hours:**

- 4 hours trust accounts
- 4 hours fair housing
- 4 hours leasing principles
- 4 hours state law update

**20. Which of the following need NOT be kept in a trust account:**

- Earned interest
- Security deposits
- Owner reserves
- Rents received

**21. The term for when a tenant continues to live in a rental property after their lease has expired, is:**

- Squatter
- Demand for action
- Joint and several liability
- Tenancy at sufferance

**22. Which of the following is true regarding security deposits:**

- There is a limit to their amount
- If used, a condition report must be provided to tenant
- Any interest earned must go to the tenants
- You cannot require one greater than 1 ½ the monthly rent

**23. Which of the following is true regarding the adoption of rules for a residential property:**

- If a rule stands to create a substantial modification of the tenant's bargain, then it shall not be effective until 7 days in the case of week-to-week tenants.
- A rule could provide that a tenant performs the landlord's obligations, like installing a smoke detector.
- A rule could be unrelated to the purpose for which it is adopted.
- All rules must be provided in writing, with at least 30 days notice, to renters.

**24. Which of the following need not be kept in a trust account:**

- Security deposits
- Manager Commissions
- Owner reserves
- Rents receive

**25. What is the monthly rent paid on a unit with a rental agreement that calls for 4% of gross sales or \$500 per month whichever is greater? The annual gross income on the unit is \$160,000**

- 500.00
- 533.33
- 6,000.00
- 6,400.00

**26. The purpose of the Department of Labor & Industry is to:**

- Take action against unlicensed individuals
- Protect the public
- Provide legal assistance to consumers
- Act as a resource or aid licensees in resolving legal issues.

**27. A property manager fails to renew their license by the annual renewal date. 30 days after failing to renew their license, the following applies to the licensee:**

- May only utilize their license after a late fee is paid
- Must forward their license to the Department of Labor & Industry
- May not use their license
- May utilize their license in lapsed status

**28. Which of the following is true regarding a tenant moving out:**

- They must be given 24 hours to make any necessary repairs
- You may be required to return their security deposit within 10 days
- If they do not give you their new address you can keep their deposit
- They must leave the rental up to the Property Manager's standards

**29. A(n) \_\_\_\_\_ is an agreement in which a tenant purchases the right to occupy real property of a landlord for a given period of time.**

- acceleration clause
- lease
- attachment
- application

**30. Which of the following is true as it relates to a guide dog in a “no pets” apartment building:**

- They are allowed to visit, but cannot live there
- They are a pet and should be treated the same as any other pet to avoid discrimination
- They may be considered a reasonable accommodation and would thereby be exempt
- If they do damage the Landlord must pay for the damage incurred

**31. A landlord, in January, is notified by the tenant that their heating system is not working, the landlord has how many working days to fix it?**

- 3
- 5
- 7
- 14

**32. What is the minimum notice requirement a landlord must provide if the tenant is not properly cleaning their premises?**

- 7 day notice to vacate
- 7 day notice to correct or vacate
- 14 day notice to vacate
- 14 day notice to correct or vacate

**33. What is the maximum number of days for a landlord to correct an emergency maintenance issue?**



- Within 3 days
- Within 3 working days
- Within 14 days
- Within 30 days

**34. How many days, following a tenant's answer, in an action for possession does the court have to schedule a hearing?**

- 7 days
- 10 days
- 14 days
- 25 days

**35. On a lease agreement the tenant is:**

- The lessor
- The lessee
- The mortgagor
- The mortgagee

**36. A tenant has a minor maintenance issue and calls the landlord. After 7 days the landlord has still not addressed the issue.**

- The tenant may now terminate the rental agreement with 7 day notice
- The tenant can repair the issue and deduct the cost of the repair from rent.
- The tenant should specify the issue in writing to the landlord.
- The tenant may seek alternate housing and withhold rent until such time as the repair is made.

**37. If a property management agreement is terminated by the owner of the property. The property manager is still responsible to the tenant to perform management functions, until:**

- The end of their current lease term
- They notify the tenant in writing of the change of management
- They provide the tenant with 30 days advance notice
- They provide the tenant with 7 days advance notice

**38. An 8-plex rents for \$575/month per unit, however 3 units are vacant. What is the annual Gross Potential Income of the building?**

- 2,875.00
- 4,600.00
- 34,500.00
- 55,200.00

**39. What is the monthly cash flow? 321 Main St.**

**19 units avg. of \$525/ per leased unit • 5% vacancy factor • \$1500 / month Maintenance • \$400 / month utilities • 5% gross rents management fee • \$300 / month insurance • \$250 / month property taxes • \$3000 / month debt service.**

- 3,552.44
- 4,087.19
- 4,337.19
- 6,552.44

**40. What does ADA stand for?**

- Apartment and Dwelling Association
- Americans with Disabilities Act
- All Disabled Americans
- Association of Disabled Americans

**41. Fair Housing laws would require a landlord to make all of the following reasonable accommodations / modifications, except:**

- Installing a 1 step ramp to a laundry room
- Adding grab bars in a bathroom
- Installing an elevator to access a 2nd floor apartment
- Accommodating a live-in caretaker 3 nights a week, even if the visitor rules only allow visitors 2 nights a week.

**42. If a landlord fails to provide the tenant with a 24 hour notice of required cleaning then they:**

- may not deduct anything from a security deposit
- must hire a professional cleaning company to perform cleaning
- are still allowed to deduct lost rent from a deposit
- must refund the deposit within 7 days

**43. A tenant staying beyond the end of a 1 year lease end date without permission would be referred to as:**

- Evicted
- Holdover
- Tenancy at will
- Lease for years

**44. A tenant, upon written request, must be provided what information:**

- The property owner's name and address
- The security deposit disposition for the prior tenant
- The names of nearby sexual or violent offenders
- The highest and lowest rent in the building

**45. A leasehold which the landlord or tenant may terminate at any time, with reasonable notice, is:**

- Gross lease
- Lease for years
- Term lease
- Tenancy at will

**46. A property manager has a legitimate concern about drug activity going on at one of their properties with a month-to-month lease. One option they have is to:**

- Provide tenant with a 24 hour notice to vacate
- Provide tenant with a 48 hour notice to vacate
- Provide tenant with a 30 day notice to vacate
- Take no action

**47. How many years must all trust account documents be kept for?**

- 3
- 5
- 7
- 8

**48. A rule adopted by a landlord concerning tenant's use and occupancy must be:**

- Effective only when 14 days notice is given for month-to-month tenants
- Given to each new tenant upon arrival
- Given both verbally and in writing
- Agreed upon by a majority of the tenants at the property

**49. You are managing a 30-unit apartment complex and your cost of doing business to manage these units is \$8,000. What would your markup have to be per unit to maintain a 12% profit?**

- 32
- 36.36
- 960
- 1090.9

**50. What is the number of days a landlord has to return a security deposit if there are withholdings from the deposit?**

- Within 45 days
- Within 10 days
- Within 14 days
- Within 30 days

**51. When a property manager shows a family with a small child only the properties that are available with playgrounds he is conducting an illegal practice called:**

- Steering
- Redlining
- Familial discrimination
- Age discrimination

**52. Lead-based paint disclosures are required for buildings built in or before:**

- 1976
- 1977
- 1978
- 1988

**53. Which is not a protected class for housing explicitly specified in the Montana statutes:**

- Familial Status
- Income
- Sex
- Color

**54. What is the maximum number of days for a landlord to correct a non-emergency maintenance issue?**

- Within 3 days
- Within 3 working days
- Within 14 days
- Within 30 days

**55. A tenant is caught doing damage to the common area laundry area. The fastest way to legally get rid of them would be to:**

- Provide them with a 3 day notice to quit
- Immediately escort them off the property with law enforcement
- Provide them with a 30 day notice
- End their lease at the end of the current term

**56. What information must be included on a deposit slip?**

- Date, Amount, Source of Money, Where Deposited
- Number of days since payments were received, Date, Amount, Where deposited
- Source of Money, Tenants Address, Principal, Amount

**57. In which housing situation would you be legally allowed to deny children:**

- If the property does not have a playground onsite
- If the property has a strict “quiet hour” policy
- If there are already 20% children at the property
- If the property is at least 80% occupied by 1 person over 55 years old

**58. A person rents a property on a 10 year lease, the next day the owner sells the property. What happens to the lease?**

- The rights and obligations of the lease conveys to the purchaser.
- The lease becomes month-to-month and can be canceled by the purchaser by providing 30 days notice.
- The landlord and tenant must negotiate a new lease agreement.
- The lease terminates upon consummation of a sale.

**59. When, after receipt, must you deposit rents into your trust account?**

- By the 3rd of the month
- Within 3 business days
- Within 3 calendar days
- Within 10 business days

**60. A rental agreement may:**

- Agree to waive the rights or remedies of the parties
- Authorize a person to confess judgment on a claim arising from the agreement
- Indemnify the other party of the liability or costs of attorney fees
- Provide provisions governing the rights and obligations of the parties

**61. Which is not a protected class for housing explicitly specified in the Montana statutes:**

- Familial Status
- Credit Worthiness
- Religion
- Creed

**62. Two parties, agreeing to the written terms and conditions of a rental agreement, would create a:**

- Quit-Claim Deed
- Meeting of the Minds
- Verbal contract
- Property management agreement

**63. What is the prorated rent on an apartment if the rent is \$870 per month and the tenant moves in on the 11th? (Assume a 30 day proration.)**

- 551
- 580
- 505.16
- 592

**64. If a property manager's license lapses, the licensee must:**

- Assign their contractual obligations to another licensee
- Retake the state exam
- Pay a fee to have it reinstated to Active status
- Not use their license



**65. A property manager who manages multiple properties in a supervisory position is called a(n):**

- Asset Manager
- Comptroller
- Capital Supervisor
- Fiduciary Manager

**66. If a tenant who requires special accommodations requests to have a pet in a 'no pet' community or apartment building, the property manager must tell him \_\_\_\_.**

- He can't have a pet and tell him it is a no pet community
- He is permitted to have a pet if he wants one
- Only service animals who are trained to perform specific tasks for disabled persons are permitted
- He can have a dog that meets weight requirements

**67. The \_\_\_\_ is typically responsible for the cost of making reasonable modifications such as adding an accessible parking spot near an apartment where a tenant requiring accommodation resides.**

- Local police
- Tenant
- Landlord/ Property manager
- Management company

**68. What are the three additional documents required with property management contracts in Montana?**

- All of these
- Lead based paint disclosure
- Move-in checklist
- Mold disclosure

**69. Which of the following is NOT a requirement to becoming a property manager in the state of Montana?**

- Must pass the state exam
- Must have real estate license
- Must be 18 or older
- Must take 30 hours of pre-licensing course

**70. In Montana, property managers are required to make all deposits related to property management in \_\_\_\_.**

- Real estate office
- No requirements for rental deposit
- Personal accounts
- Trust accounts

BONUS QUESTION:

**71. What does a property management contract consist of in Montana?**

- Rules for becoming a licensed property manager
- Guideline, agreement and expectations between the landlord and tenant
- Only consists of guidelines for the landlord
- Requirements for becoming a tenant