

# Practice 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:**

  - A. Provide a 3 day notice to vacate
  - B. Provide a 3 day notice to correct or vacate
  - C. Provide a 5 day notice to vacate
  - D. 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.**

  - A. 48 hours
  - B. 3 day
  - C. 5 day
  - D. 7 day
  
- 3. What is the annual license renewal date for property management licensees?**

  - A. January 1st
  - B. 365 days after license issuance
  - C. The last day of the month, 1 year after license issuance
  - D. October 31<sup>st</sup>
  
- 4. Which of the following scenarios would NOT be exempt from the federal Fair Housing Act**

  - A. Housing at a synagogue wanting to only rent to Jewish tenants
  - B. Renting out private units at Harvard club to only club members
  - C. A 20 unit apartment complex renting their apartments solely to women
  - D. 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:**

- A. Age
- B. Smoking Preference
- C. Marital status
- D. Religion

**6. An unsigned or undelivered lease signed by only one of the parties is only effective for what time frame:**

- A. 30 days
- B. 90 days
- C. 1 year
- D. 3 years

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

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

**8. What is the annual net operating income (to the nearest dollar)? 321 Main St. Monthly Figures - 19 units @ \$525/ per month, 1 vacant unit, \$1500 maintenance, \$400 utilities, 5% management fee, \$3000 month debt service**

- A. 4,077.50
- B. 7,077.50
- C. 42,629.00
- D. 84,930.00

GPI 9,975.00 - 525.00 (vacancy) = 9,450.00 EGI

9,450.00 - 2,372.50 (expenses) = 7,077.50 NOI (Monthly) x 12 = 84,930.00

**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:**

- A. Must refund the tenant a \$200 security deposit for value given for the cleaning at the start of the lease.
- B. Should provide a closing statement, however he need not return a security deposit because none was paid.
- C. Is not obligated to do anything.
- D. 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.?**

- A. 843.75
- B. 912.50
- C. 1,012.50
- D. 10,125.00

$$30 \times 45 = 1350 \times 7.50 = 10,125.00 / 12 = 843.75$$

**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:**

- A. Land Lease
- B. Gross Lease
- C. Commission Lease
- D. Net Lease

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

- A. Owners and Tenants
- B. Agents and Tenants
- C. Principals and Agents
- D. Principals and Owners

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

- A. Holdover tenant
- B. Sublessee
- C. Lessor
- D. Tenant with joint severability

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

- A. 12 hours
- B. 8 hours
- C. 16 hours
- D. 4 hours

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

- A. Render the entire rental agreement unenforceable
- B. Give additional protections to the landlord
- C. Create a binding effect on the tenant
- D. Supersede any other provision of a rental agreement

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

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

**17. The Montana Property Management Program may impose a fine up to what amount if they serve a finding of fact order that a violation has occurred against a licensee.**

- A. 100.00
- B. 500.00
- C. 1,000.00
- D. 10,000.00

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

- A. Report them to the Montana Property Management Program
- B. Contact law enforcement
- C. Evict them immediately with a 3 day notice
- D. Reason with them and verbally ask them to stop

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

- A. 4 hours trust accounts
- B. 4 hours fair housing
- C. 4 hours leasing principles
- D. 4 hours state law update

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

- A. Earned interest
- B. Security deposits
- C. Owner reserves
- D. Rents received

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

- A. Squatter
- B. Demand for action
- C. Joint and several liability
- D. Tenancy at sufferance

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

- A. There is a limit to their amount
- B. If used, a condition report must be provided to tenant
- C. Any interest earned must go to the tenants
- D. 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:**

- A. 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.
- B. A rule could provide that a tenant performs the landlord's obligations, like installing a smoke detector.
- C. A rule could be unrelated to the purpose for which it is adopted.
- D. All rules must be provided in writing and go into effect immediately.

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

- A. Security deposits
- B. Management Commissions
- C. Owner reserves
- D. 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**

- A. 500.00
- B. 533.33
- C. 6,000.00
- D. 6,400.00

$$160,000 \times 4\% = 6,400 / 12 = 533.33$$

**26. A Property Manager shall notify The Montana Property Management Program of a change of address within:**

- A. 45 days
- B. 10 days
- C. 30 days
- D. 7 days

**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:**

- A. May only utilize their license after a late fee is paid
- B. Must forward their license to the MT Property Management Program
- C. May not use their license
- D. May utilize their license in lapsed status

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

- A. They must be given 24 hours to make any necessary repairs
- B. You may be required to return their security deposit within 10 days
- C. If they do not give you their new address you can keep their deposit
- D. You can require they leave you a 5 star Google review

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

- A. Acceleration clause
- B. Lease
- C. Attachment
- D. Application

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

- A. They are allowed to visit, but cannot live there
- B. They are a pet and should be treated the same as any other pet to avoid discrimination
- C. They may be considered a reasonable accommodation and would thereby be exempt
- D. 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?**

- A. 3
- B. 5
- C. 7
- D. 14

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

- A. 7 day notice to vacate
- B. 7 day notice to correct or vacate
- C. 14 day notice to vacate
- D. 14 day notice to correct or vacate

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

- A. Within 3 days
- B. Within 3 working days
- C. Within 14 days
- D. 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?**

- A. 7 days
- B. 10 days
- C. 14 days
- D. 25 days

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

- A. The lessor
- B. The lessee
- C. The mortgagor
- D. 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.**

- A. The tenant may now terminate the rental agreement with 7 day notice
- B. The tenant can repair the issue and deduct the cost of the repair from rent.
- C. The tenant should submit a notice in writing to the landlord specifying the issue.
- D. 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:**

- A. The end of their current lease term
- B. They notify the tenant in writing of the change of management
- C. They provide the tenant with 30 days advance notice
- D. 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?**

- A. 2,875.00
- B. 4,600.00
- C. 34,500.00
- D. 55,200.00 -

$$8 \times 575 = 4600 \times 12 = 55,200$$

**39. What is the monthly cash flow for 321 Main St using the following information**

**19 units \$525 per unit, 1 vacant unit, \$1500 maintenance, \$400 utilities, 5% management fee, \$3000 debt service**

- A. 4,077.50
- B. 4,051.25
- C. 7,077.50
- D. 7,051.25

$$19 \times 525 = 9975 - 525 = 9450.$$

$$9450 - 1500 - 400 - 472.50$$

$$(9450 \times 5\%) - 3000 = 4077.50$$

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

- A. Apartment and Dwelling Association
- B. Americans with Disabilities Act
- C. All Disabled Americans
- D. Association of Disabled Americans

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

- A. Installing a 1 step ramp to a laundry room
- B. Adding grab bars in a bathroom
- C. Installing an elevator to access a 2nd floor apartment
- D. 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:**

- A. May not deduct anything from a security deposit
- B. Must hire a professional cleaning company to perform cleaning
- C. Are still allowed to deduct lost rent from a deposit
- D. 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:**

- A. Evicted
- B. Holdover
- C. Tenancy at will
- D. Lease for years

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

- A. The property owner's name and address
- B. The security deposit disposition for the prior tenant
- C. The names of nearby sexual or violent offenders
- D. 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:**

- A. Gross lease
- B. Lease for years
- C. Term lease
- D. 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. What type of notice can be given?**

- A. A 24 hour notice to vacate
- B. A 48 hour notice to vacate
- C. A 30 day notice to vacate
- D. None

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

- A. 3
- B. 5
- C. 7
- D. 8

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

- A. Effective only when 14 days notice is given for month-to-month tenants
- B. Given to each new tenant upon arrival
- C. Given both verbally and in writing
- D. 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?**

- A. 32
- B. 36.36
- C. 960
- D. 1090.9

$$8000 / 30 = 266.67$$

$$266.67 / .88 = 303.02$$

$$303.02 - 266.66 = 36.36$$

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

- A. Within 45 days
- B. Within 10 days
- C. Within 14 days
- D. 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:**

- A. Steering
- B. Redlining
- C. Familial discrimination
- D. Age discrimination

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

- A. 1976
- B. 1977
- C. 1978
- D. 1988

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

- A. Familial Status
- B. Income
- C. Sex
- D. Color

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

- A. Within 3 days
- B. Within 3 working days
- C. Within 14 days
- D. 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:**

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

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

- A. Date, Amount, Source of Money, Where Deposited
- B. Number of days since payments were received, Date, Amount, Where deposited
- C. Source of Money, Tenants Address, Dogs name, Amount
- D. Date, Source of Money, Amount, Account Balance

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

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

**58. A person rents a property on a 1 year lease, the next month the owner sells the property. What happens to the lease?**

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

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

- A. By the 3rd of the month
- B. Within 3 business days
- C. Within 3 calendar days
- D. Within 10 business days

**60. A rental agreement may:**

- A. Agree to waive the rights or remedies of the parties
- B. Authorize a person to confess judgment on a claim arising from the agreement
- C. Indemnify the other party of the liability or costs of attorney fees
- D. 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:**

- A. Familial Status
- B. Credit Worthiness
- C. Religion
- D. Creed

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

- A. Quit-Claim Deed
- B. Meeting of the Minds
- C. Verbal contract
- D. 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).**

- A. \$551.28
- B. \$580
- C. \$505.16
- D. \$592

$$870 / 30 = 29.00 \times 20 = 580.00$$

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

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

**65. Which of the following is not exempt from the requirement of a property management license:**

- A. An owner of a business entity that owns 50% of the property
- B. A spouse of the property owner
- C. A person who leases no more than 4 residential units
- D. A broker or real estate salesperson

**66. Shortly after a tenant joins a tenant's union, the tenant provides the landlord with a long list of repairs. All of the repairs on the list are legitimate, some of which are required in order to comply with local building ordinances. The landlord makes most of the repairs, but not all. Some of the outstanding repairs are required to meet building codes. The tenant reports the landlord to the local building authority, who issues the landlord a letter of noncompliance. The landlord then finishes making the repairs requested by the tenant, including all repairs necessary to bring the building into code. The landlord is angry at the tenant for having been forced to make the repairs. What can the landlord do?**

- A. Send a 30 day notice to vacate
- B. Send a 14 day notice to vacate
- C. Nothing, this is retaliatory behavior
- D. Send a notice of rent increase to the tenant

**67. The \_\_\_\_\_ is typically responsible for the cost of making reasonable modifications such as adding grab bars to a shower where a tenant requiring accommodation resides.**

- A. Local police
- B. Tenant
- C. Landlord/ Property manager
- D. Management company

**68. Who are the parties to a lease agreement?**

- A. Principal and Agent
- B. Lessor and Agent
- C. Lessee and Principal
- D. Lessor and Lessee

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

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

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

- A. Real estate office
- B. No requirements for rental deposit
- C. Personal accounts
- D. Trust accounts

\_\_\_\_\_ / \_\_\_\_\_

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