

## **Chapter 1 EXERCISE:**

1. Review the Table of Contents and locate the chapter that most interests you. You will later be updating the materials on topic contained within the chapter. Identify the chapter number and chapter name.
2. Review the textbook Table of Contents and the Index and indicate those areas in which you are most interested in acquiring more knowledge and skills by listing your top five (5) topics.
3. Select one professional property management designation. Indicate the web address and list the specific criteria (years of experience, minimum levels of education, minimum size properties managed –portfolio requirements/function requirements--or units managed, etc.) to obtain that designation. (Use an industry site, not a specific real estate firm or property management company site.)
4. Locate an online list of individuals (directory of members) that are physically located where you already own rental property, or an area where you would seek rental housing to own or to rent, or an area where you would like to own income property, or nearby, who have obtained the professional designation you indicated in answer #4 showing their contact information.
5. Using the professional designation information from question #3, seek to gain admission to attend one industry meeting (a particular real estate office or property management seminar does not qualify) in the field where professionals might assist you in being able to learn more about entering the field for employment purposes or for obtaining information for hiring professional management.

## **Chapter 2 EXERCISE:**

1. You will be given a description of an investor in Chapter 3 and will need to prepare a comprehensive Management Plan as described in Chapter 4. Part of that report will include your specifically describing the phase of the property in the life cycle of a building. Review the various criteria for each phase to assist your future recall of each type. As a preparation for your management plan, use a rental income property that you or your family own, or the property in which you live. Obtain a property profile from a title insurance company (licensed agents have access to this data) on that property. Using this data, describe which phase in the life cycle that this particular property is currently in, and discuss reasons why and project which direction the next cycle is mostly likely to be within the next 5 years.
2. Describe the local real estate income producing markets by using Internet searches (Show the web site source). Using the asking price for rental income property (residential, non-residential, agricultural, commercial and industrial property) do the rents and tax benefits of ownership support that price. Determine if it makes economic sense to purchase the property based upon the income generated and explain your conclusion.
3. Outline and explain the primary governmental issues involved in the local rental market. Cite your source (show web addresses).
4. Using an Internet search, locate rates of returns for real estate investments and for non-real estate investments, such as bonds, stocks and commodities investments for a period covering at least 20 years. Briefly compare and contrast returns, using graphs or charts where it will enhance the explanation. Data sources must be indicated along with web addresses. Data must be no more than 5 years old.
5. Use an Internet search to find city rent control ordinances that are located in at least three different California counties. Cite the web address, source and list the similarities and differences.

### **Chapter 3 EXERCISE:**

1. Using the Internet, locate the laws governing reserve requirements for homeowner associations, citing the law, listing the key requirements, and showing the web site where the information was located.

2. Using the Internet, locate the IRC depreciation for residential and non-residential property. Do not just quote the years from a Real Estate Principles textbook, list the key components of the law and show the web site where the data was found. Include active and passive clause information. Indicate a method used to determine original land value and the value of the depreciable improvements.

3. Use the Internet to locate the laws governing the requirements for having an on-site manager, including health and safety code, labor laws and similar legal aspects.

4. List the methods of holding title to income property, including a trust, and list the advantages and disadvantages for each for the following categories: rights of heirs, right of co-owners, taxable income and property management decision making, including payroll reporting.

5. Make a list of clauses you would add to protect yourself and to obtain the necessary disclosure information that you would need to purchase and manage a non-residential, income producing property, such as commercial, office buildings, medical buildings or industrial.

### **Chapter 4 EXERCISE:**

Scenario: Your client is selling the condo that was purchased year ago. With the equity accrued, after the costs to sell the condo, half of the new funds will be used to purchase a single family resident for him and his wife to occupy and start a family. The other half of his equity will be used to put a residential rental income property. They are both working professional with high credit scores. The couple plan to invest about \$150,000, with instructions that this is the total amount to be invested and must cover closing costs to purchase the property, any negative cash flow for the first year of ownership and proposed capital improvement during the first year of ownership, as well as the operating expenses and the debt service.

You are part of a group of 4 real estate professionals: a loan broker, a property manager, a CPA and a real estate sales agent asked by the client to come up with a building to purchase. The real estate agent has the loan application for when he purchased the condo, before he was married, and the residential loan application for the house they are purchasing together. The investors have asked you to provide them with the following information: Your job is to produce a Marketing Plan for the property that includes the various analysis outlined in this chapter.

1. Detail the property specifics and provide a regional and area, neighborhood, and market analysis. Document the comparable rents, by unit size. Show sources for comparable expenses.

2. Provide a detailed income and expense analysis to show first year, the future-stable management pro-forma rents and expense calculations.

3. Lenders typically require all investor borrowers to fill out a different set of forms, often using some type of quasi-government forms, such as the Fannie Mae Form 216. Provide the web site and the form required by the typical lender for this transaction in order to obtain the loan, including the lender required loan form for this income-producing property purchase.

4. Show an analysis of realistic, alternative property uses for the future, with discussion on ways to increase revenue and decrease expenses.

5. Indicate a detailed analysis of the various rates of return for the property.

NOTE: As an investor, this couple knows other real estate professionals who, upon hearing that they are looking for income property, are also looking for property to present to them. No matter how many projects look good, they may only purchase ONE, and then they are out of funds. Only ONE will be selected as the property purchased, based upon meeting the criteria requested, what makes economic sense, and the presentation of the property.

### **Chapter 5 EXERCISE:**

1. Using online sites, locate three different applications that could be used for tenant screening. List and compare the differences between each. Using the various application forms and California rental policies, create a new Vacant Unit Information Form that would include additional items that you think would make the form better, and create a new Rental Application form, combining various ideas to improve the new form.
2. Locate three print-form ads and three online ads. Compare and contrast the two forms of media. Edit each ad to make improvements, without increasing the overall cost of the ad. Write an original ad for each. Label each area of your task for easy identification.
3. Curb appeal is important to filling a vacancy. If you are a tenant, take a digital photo of the front of your building, and then discuss what could be done to improve the front, without greatly increasing the property expenses. If you own rental property, take a digital photo of your own property and the rental to the right of your building and the rental to the left of your building. Then list the differences between each. If you are not a tenant and do not own a rental, select a property that would be suitable to use, preferably a property that another student in the class is using.
4. Use an Internet search to find outline and explain the primary governmental issues (HUD and DRE) involved in the local rental market. Cite the web addresses, source and list discuss the similarities and differences
5. Use an Internet search, locate and describe any public relations information about a rental property, a management firm or a property owner. Show the web site and data sources along with web addresses.

### **Chapter 6 EXERCISE**

1. Use the Internet, showing the site, to locate the current minimum wage laws regarding an onsite manager and show the limit on rents for one employee who occupies an apartment and for two employees that are in the same apartment. Give a specific example based upon rent of \$1300 per month of the apartment if rented to a non-employee.
2. Use the Internet, showing the site, to find data and create an employment agreement for a full time maintenance person who lives on the premises in the same unit as his on-site resident manager wife.
3. Review the property management agreement shown in this chapter. Review online and other contract resources so that you and make a numbered list to add five additional areas that are not contained in the form provided. Give the source and references you used.
4. In the discussion of The Legal Aspects of Employment, the section indicating other comments has two special types of categories  
. Find the source and give the maximum dollar amount of earnings for each of the two types.
5. Under the discussion for the on-site manager, a sample employment contract is shown. Within the contract is a reference to the job duties that the manager would be expected to perform and for which they would be responsible. Create this form for an on-site manager of a 30 unit apartment building consisting of 10 one bedroom with one carport each and 20 two bedroom units, with one carport and one 1-car garage for each unit. The property has a laundry

room with two washers and two dryers and a vending machine for laundry products; a recreation room with pool table, soda/water vending machine and two video machines; an exercise room with four machine and a ceiling mounted television set; a very small community room with a card table and some extra chairs; and a swimming pool with a whirl pool.

## **Chapter 7 EXERCISE**

1. A list of heading topics for a rental agreement is shown in this chapter, and listed in alphabetic order. First, arrange the headings in the order they should appear in the written rental agreement. Using this information and using online sources and your own research, write a clause for each heading.

2. The chart showing various Disclosures indicates one item as "Other." Make a list of other disclosures that should be contained in the rental agreement contract and write a clause for each that would be included in the rental document.

3. List the items that should be included in the rental agreement as addendum that is part of the original contract and is referred to within the contract document.

4. A disclosure statement may be an addendum as part of the rental agreement. Create an addendum that you, as a licensed real estate agent and as the property owner, would use on your residential rental property.

5. Create a house rules form that you, as a licensed real estate agent and property owner, would use on your own residential rental property.

## **Chapter 8 EXERCISE**

1. Find one property management court case at each court level. Cite the source of your data. Cite the case name and legal reference number. Give a brief summary of the case.

2. The basic eviction steps for non-payment of rent are outlined in this chapter. Research outside sources to determine what steps would need to be added for the following: (a) Section 8 tenant, (b) senior citizen on fixed income receiving social security, (c) 17 year old mother and her 1 ½ year old daughter receiving aid to dependent children, (d) a tenant on a one-year lease that stopped paying in the sixth month.

3. Briefly describe a three day and a thirty day notice. List the differences between the two documents.

4. Describe at least three different legal ways to serve a three day notice on a tenant that is avoiding service every time you knock on their apartment door.

5. When a previously owner-occupied home is first converted to a rental, the insurance coverage and policies are often overlooked. Describe the probable coverage on the property and what would be assumed to be not covered. What insurance coverage policy would you recommend and what features would you recommend that the owner include?

## **Chapter 9 EXERCISE:**

1. Use the Internet, showing the website, to locate the current maintenance positions for at least three property management jobs that include some form of performing maintenance and list various job duties affiliated with each position.

2. Use the Internet, showing the site, to find data and create an employment agreement for a full time maintenance person who lives on the premises in the same unit as his on-site resident manager wife.

3. Reviewing the major maintenance categories described in this chapter, design a records management form for a 20 unit apartment building and write a policy for maintaining the procedure.

4. In the discussion of legal habitability, the landlord and the tenant issues were cited. Using the Internet and showing the web site, locate a copy of the current code and show any updates indicating additional issues on which the property manager should have training.

5. Using energy efficient rates, utility company data and web sites, compare and contrast the difference in initial cost to replace the item, the estimated life and the ongoing cost to run the item. Use specific examples such as a stove/oven, refrigerator, light bulbs and dishwasher.

## **Chapter 10 EXERCISE**

1. Use the Internet to search property management firms that specialize in single family homes, local mountain resort properties, local beach communities, mobile home parks and senior citizen complexes. Print one homepage for each of the given types of property. Indicate the best and worst parts of each homepage and separately state your reasons.
2. Obtain a copy of the code sections for the California Department of Housing and Community Development (DOH). On a separate paper indicate the five key points that you, as the park owner would want to review with the on-site park manager.
3. Using Internet sources, cite the various different rules for the group called "senior citizens" as applied to real estate loans, rental housing, adults only complexes and similar.
4. The California Mobile Home Residency Law is required to be given to each tenant every year. List, identify and discuss ten (10) items found in this document that are different from a residential apartment building.
5. Discuss the various types of time share operations offered for California property, including "banking" and trades, points versus weeks, annual dues and fees, and various differences in amenities. Cite the source of your data.

## **Chapter 11 EXERCISE:**

1. Review the "Declaration of Covenants, Conditions and Restrictions" contents list found in this chapter.
2. Research and discuss the typical makeup of the board of directors of an association by interviewing a property manager, an association member or a board member. Attend a board meeting or obtain a copy of board meeting agenda, minutes or notes. Using the CC&Rs outline shown in this chapter, make a list of additional headings, topics and items that should be included for a new complex currently in the planning stage that is anticipated for occupancy in 2020.
3. One philosophy is that current owners should pay for future replacements; and, a different point of view that the future owners should pay for future replacements. Compare and contrast reserves versus special assessments.

4. Using online resources, make a chart that shows the name of the complex, the estimated number of units in the complex and the monthly association dues for condominiums located within a five mile radius. Sources may include dues shown on current listings, property management company data, professional organization publications or ownership paperwork. Cite the source of the data.
5. For an association board of directors, list the positions and a job description for each that should be part of the official governing documents.

### **Chapter 12 EXERCISE:**

1. List the similarities and differences between various types of non-residential leases, including commercial, industrial and special purpose properties.
2. Using Internet sources, discuss rentable versus usable versus gross space.
3. A commercial lease is provided in this chapter. Provide a lease for any of the other kind of property contained in this chapter. Use a highlighter to indicate tenant clauses and a different colored highlighter to indicate landlord clauses.
4. Using Internet sources, indicate one professional designation for a formal professional property management group, and list the specific requirements to obtain membership and one designation, including years of experience, educational requirements, etc.
5. Find a court case about landlord-tenant relations on one of the following topics: merchant associations, federal or state agency or act as listed under "government involvement".

### **Chapter 13 EXERCISE:**

1. List the similarities and differences between a minimum of five (5) types of manual and computer accounting systems specific for property management, showing the web site for each.
2. Using Internet sources, discuss property management sites for a minimum of five (5) different sources for word processing forms, letters and agreement contracts, showing the web site and giving a brief summary of each.
3. At the DRE website, click on "Licensees" on the DRE left hand side, and then click on the "Top Ten Violations found in DRE audits" link. Attach the printed copy showing the website link. Put the question number on the attached copy. Then, make a chart with 4 columns: Column #1 lists the questions number; column #2 lists the B & P # or Reg #; column #3 shows the name of the violation; and, column #4 is a one sentence, short summary of that code/violation.
4. Using Internet sources go to the DRE web site and look in the real estate law book and posted publications found at that site for the topic "Trust funds." Cite the code or regulation and section for at least 10 items that give specifics for handling of trust funds.
5. Give a list of a minimum of three (3) accounting systems for maintaining the company accounting records where the firm has on-site managers, off-site property managers and accounting personnel. Compare and contrast the features, pricing and computer requirements for each.

## **Chapter 14 EXERCISE:**

For all the questions below, assume you are opening a local property management office for residential and small on-residential properties.

1. Analyze the competition: Use the Internet, showing the website, and yellow pages to locate the current competition for a minimum of 10 property management firms in the local area. Find their web site, describe the amount of personnel they are currently using. What is their location(s)? What target market do they attract? Describe as much about their firm as possible by using analysis and contrast the various positions.

2. Use the Internet, trade association publications and job search firms (showing the site or source), find about various personnel positions and describe the duties and salary range for each part-time and each full-time position, for off-site and on-site positions employment.

3. Describe the type of property management firm you intend to open and describe the various forms of ownership for the firm, design the records management, and write a mission statement for the firm's niche market. Check what names are available for a DBA and select the name and logo for your new firm.

4. Identify and distinguish the key elements for a good office layout, including the equipment requirements to operate today's professional property management office.

5. Design the steps your new firm would use for an initial inquiry by a prospective property owner for setting up a new management account; for the property manager training, and for the prospective tenant inquiry.

## **Chapter 15 EXERCISE**

1. Using the Internet, give a summary of at least ten different, specific DRE regulations that the property manager would include in their policies, procedures and practices.
2. Compare and contrast the NAR and IREM code of ethics, giving two lists. One list shows the topics that are the same. One list shows topics that are not included in the other.
3. Research to outline the current HUD Section 8 programs that include applicable groups that qualify to use the program, property criteria including inspections, rent formulas and security deposits.
4. Outline a list of specific disclosures and items that the licensed real estate agent would have to do to handle their own rental income property for which an unlicensed property owner would not have to comply.
5. Go to the IREM web site and list the entire criteria required to obtain the CPM designation.