

CHAPTER 1 QUIZ

1. California's earliest property manager(s) was(were):
 - a. King Charles III
 - b. Captain Portola
 - c. Franciscan Padres
 - d. Native American Indians
2. An early government intervention in California housing was called the:
 - a. Gold Rush
 - b. Indian Land Management
 - c. Mexican-American War
 - d. Monroe Doctrine
3. Building codes, ordinances and building material regulations were first enacted largely as a result of the:
 - a. California Statehood Act in 1850
 - b. San Francisco earthquake in 1906
 - c. Colorado River/Salton Sea flooding in 1905-1907
 - d. Great Depression of the 1930's
4. There was little professional management in California prior to World War I because:
 - a. Residential property was primarily single family dwellings
 - b. Society was mostly agrarian (Rural/farmers)
 - c. Multiple housing units were rare
 - d. All of the above
5. Banks and Savings & Loans acquired a great deal of property requiring management in the early 1930's and again in the early 2000's because:
 - a. They aggressively purchased property
 - b. A large number of trust accounts were created at that time
 - c. There were large numbers of loan defaults and foreclosures
 - d. The laws were changed to allow institutional real estate purchases
6. The era when there were plenty of funds, a severe housing shortage, and high demand describes:
 - a. Gold Rush (1846-1849)
 - b. Spanish-American War (1846-1849)
 - c. Statehood (1871-1880)
 - d. Post-Civil War (1880-1889)
7. A ten-year depression was widespread in California in the late 1800's, followed by a land boom that was a direct result of:
 - a. Foreclosures available
 - b. Employment wages
 - c. Investment analysis consultants
 - d. Marketing campaign
8. A professional designation for a property manager would be:
 - a. CPM
 - b. RPA
 - c. ARM
 - d. All of the above
9. The economics for the California rental housing market may best be described as:
 - a. overbuilt with vast numbers of vacant units that will take years to fill
 - b. stabilized with about the same amount of renters as units available
 - c. having a shortage of affordable rental units available for the existing population
 - d. being in equilibrium where qualified tenants match new vacancies

10. Which is not an advantage of owning single-family rental units?
- a. Less labor-intensive to manage
 - b. Tax benefits
 - c. Rarely subject to rent control
 - d. Rent control ordinances

The following questions are True (a) or False (b):

11. During period of large numbers of foreclosures, such as the Great Depression of the 1930's and the period from 2008-2009, property management services is controlled and managed by financial institutions that concentrate on making professional management profitable.
12. The Institute of Real Estate Management awards individuals with the designation of MBA.
13. Nationwide Federal rent control prevailed during World War II.
14. Condominium associations are usually self managed to efficiently minimize expenses.
15. The rebuilding of San Francisco brought positive results for construction, building and property management.
16. The early mission system was a form of absentee landlord property management.
17. The demand for property management is expected to decrease over the next decade.
18. Property management has become easier as more regulations have been repealed.
19. A typical specialty field of property management would typically include commercial but not residential housing of any kind (mobile home, nursing home, dorms).
20. California housing is predominately single-family, owner-occupied units.

CHAPTER 2 QUIZ

1. Local property management in California interacts with markets:
 - a. internationally
 - b. nationally
 - c. statewide
 - d. All of the above

2. Property managers study population trends to determine building rents in relation to:
 - a. supply
 - b. demand
 - c. cause and effect
 - d. liquidity

3. When population decreases, which oversupply results?
 - a. Technical
 - b. Economic
 - c. Legislative
 - d. Projected

4. The main reason for property management needs in urban areas is due to population increases caused by California's climate, lifestyle and:
 - a. investment capital
 - b. rent rates
 - c. home prices
 - d. job opportunities

5. Persons spending the most of their total income for housing are aged:
 - a. under 30
 - b. 30 - 45
 - c. 45 - 55
 - d. 55 - 65

6. When tenants cannot afford the current rental rates, it is a case of:
 - a. technical oversupply
 - b. economic oversupply
 - c. economic phenomena
 - d. economic enterprise

7. According to critics, rent controls discourage:
 - a. construction
 - b. remodeling
 - c. tenant mobility
 - d. All of the above

8. An economic rent raise:
 - a. occurs when a landlord tests the market
 - b. is usually a very small rent increase
 - c. is based on fair market rents when a few units are available
 - d. where it costs the tenant more to move than stay and pay the increased rent.

9. Which of the following is NOT a common method to limit growth?
 - a. Restricting building permits on multi-family units
 - b. Imposing utility moratoriums
 - c. Setting minimum acreage requirements for single family residences
 - d. Subsidize property managers to compensate them for not raising rents

10. The National Housing Goal is to provide for all Americans housing that is decent:
 - a. and that complies with the Uniform Housing Code
 - b. under public assistance programs
 - c. and safe and sanitary
 - d. and affordable

11. The phase of a building's life when the most choices must be made is called the:
 - a. initiation
 - b. growth
 - c. introduction
 - d. demise

12. When comparing real estate investment to stocks, stocks are thought to be:
 - a. harder to manage
 - b. greater tax deductions under IRS codes
 - c. require an investment of smaller amounts of cash
 - d. harder to sell, less liquid and have higher costs to sell expenses

13. Government activity in the rental market tends to:
 - a. increase the availability of affordable units
 - b. regulate habitability, equal housing opportunity and rental rates
 - c. allow owners freedom on rent levels and security deposits that may be collected
 - d. allow landlords to charge higher rents and receive regular rent increases

14. When the landlord raises the rent \$25 per month on a unit paying \$2500 a month rent, it is:
 - a. technical oversupply
 - b. nuisance rent raise
 - c. economic oversupply
 - d. turnover rate

15. The government affects the California real estate market by:
 - a. Housing Authority programs
 - b. Redevelopment Agency loans
 - c. Federal Reserve Board actions
 - d. All of the above

16. An asset capable of being easily converted to cash is considered:
 - a. money
 - b. liquid
 - c. leveraged
 - d. disintermediation

17. Which is a non-institutional lender:
 - a. Savings and loan
 - b. Commercial bank
 - c. Mortgage company
 - d. Life Insurance company

18. Inflation affects California real estate by increasing:
 - a. overcrowding and doubling up on the demand side for rentals
 - b. rental rates for properties where the supply side is limited
 - c. vacancies when rents increase faster than people's ability to pay
 - d. all of the above

19. Since floating exchange rates began in 1973, the dollar has:
 - a. sharply increased, nearly doubling

- b. bounced with many fluctuations
- c. remained as a constant stable
- d. drastically declined

20. Which of the following is not a way in which the Fed controls the supply of money and credit:
- a. regulating the fiscal policy to offset disintermediation
 - b. setting reserve requirements
 - c. engaging in open market operations
 - d. setting federal discount rates

CHAPTER 3 - QUIZ

1. The main reason for pre-purchase property management data is to:
 - a. Get the property back into shape for the price they are asking
 - b. Blow the deal because the agents won't disclose the information
 - c. Comply with California disclosure laws, and aid in the operations after the close of escrow
 - d. Show the present management what they lack, to obtain a better price for the property
2. The most costly United States Metropolitan housing areas are:
 - a. Los Angeles to San Francisco and Washington, D.C. to New York
 - b. Dallas/Fort Worth to Oklahoma City and the Tennessee Valley
 - c. Tampa to Miami and Seattle to Portland
 - d. Lansing to Grand Rapids and Akron to Toledo
3. Rent control usually does not effect:
 - a. Single family residences
 - b. 4 to 16 units
 - c. 16 to 50 units
 - d. over 50 units
4. The most off-site property management opportunities are in resident units of:
 - a. Single family residences
 - b. Duplexes
 - c. Triplexes
 - d. Fourplexes or larger
5. A major difference between a General Partner and the limited partners:
 - a. Insurance
 - b. Liability
 - c. Tax considerations
 - d. Inflation
6. The property manager must check to see if the contract signer has property authority under all the following except:
 - a. Corporation
 - b. Partnership
 - c. REIT
 - d. Individual owner
7. The largest landlord in the United States is:
 - a. Partnerships
 - b. REIT
 - c. Government
 - d. Corporation
8. Ownership goals for the present time would not include which:
 - a. Cash flow
 - b. Diversification
 - c. Appreciation
 - d. Leverage
9. Non-monetary goals include:
 - a. Inflation
 - b. Amenities/aesthetics
 - c. Equity

d. Depreciation

10. The property manager must always manage property:
- to maximize profits
 - according to the owner's objectives
 - under the policies and procedures of the office
 - as time and resources permit
11. The income a property is currently generating:
- may be secondary to the income tax considerations to the property owner
 - are based upon inflation and leverage for realized profit
 - for most newly acquired residential rentals in California is known as positive cash flow
 - may generate large profits after deducting property taxes and loan interest payments
12. When an property owner uses investor funds, in the form of borrowed capital, to acquire income producing property that later is sold for a profit that generates a large return, the owner used _____.
- appreciation
 - depreciation
 - disintermediation
 - leverage
13. The increases in value of a property from decade to decade is termed:
- appreciation
 - depreciation
 - disintermediation
 - leverage
14. Which of the following is not a goal of property ownership?
- long term retirement income
 - forced savings
 - equity build up
 - negative cash foreclosure
15. Which of the following is not a method of holding title to real property?
- limited partnership
 - limited liability cooperative
 - corporation
 - inter vivos living trust
16. Which of the following is not a type of value for real property according to appraisal methods?
- sum-of-the-years
 - cost approach
 - comparable market
 - income approach
17. Which of the following would aid the property manager and the new income property owner if obtained before the close of escrow?
- the previous owner's income tax bracket
 - the previous owner's depreciation schedule
 - the previous owner's utility bills for the property
 - the previous owner's loan information, including interest expense
18. The largest group of residential income property ownership is held by:
- large corporations
 - mid-sized corporations

- c. individuals or individuals in a living trust
- d. real estate investment trusts

19. Restrictions for tax purposes are placed by:

- a. the seller of the property
- b. the government tax codes
- c. corporate directives
- d. the securities and exchange commission (SEC)

20. The term used to describe the loss in value over time as a building wears out is referred to as:

- a. appreciation
- b. exchange value
- c. commodities exchange
- d. depreciation

CHAPTER 4 - QUIZ

1. Debt service refers to:
 - a. the monthly loan payment
 - b. the balance in the impound account
 - c. the amount of the loan servicing fee
 - d. the loan to value ratio

2. The income of a property may be increased by:
 - a. removing unused laundry soap dispensers
 - b. replacing contents of empty vending machines
 - c. repairing the filthy dumpster with the broken wheel with a clean, new, shiny one
 - d. converting the bachelor apartment back into the laundry room

3. The investor would be most likely to use all except which of the following to determine a rate of return for a property:
 - a. cap rate
 - b. gross rent multiplier
 - c. income approach to value
 - d. internal rate of return

4. The value of a property is based upon:
 - a. historical facts
 - b. regional analysis
 - c. current market conditions
 - d. future income

5. The value is determined, when using the cap rate, by:
 - a. $GI - V/BD = EGI - OE = NOI \div \text{Cap Rate} = \text{Value}$
 - b. $\text{Monthly rent} - \text{Monthly expenses} = \text{Net Income} \times 12/\text{months in a year}$
 - c. Fixed expenses + variable expenses, subtracted from total income
 - d. Rental income, plus parking and laundry income, minus expenses.

6. Which of the following would not be included in the analysis of neighborhood?
 - a. level of maintenance
 - b. growth or decline in population
 - c. survival and growth of town origin
 - d. economic level

7. Demographics would include collecting data on:
 - a. income levels of regional workers
 - b. limitations and moratoriums on regional building
 - c. topography of the lot and the area
 - d. age statistics, average age and spending patterns

8. The value of an income property may be increased by:
 - a. decreases expenses
 - b. performing a rent evaluation analysis
 - c. increasing income
 - d. all of the above

9. Using an established, written management plan from another property would be:
 - a. irrelevant to the property being analyzed
 - b. helpful in reviewing the outline and presentation of materials
 - c. plagiarism and against copyright laws, which is strictly prohibited

d. of no help in preparing a new management plan for the same property

10. The entity that best benefits from a formal management plan is the:
- a. investor who has had the same 3 units for the past 15 years
 - b. licensed agent who periodically fills one vacancy for a single family residence
 - c. property owner who is working to increase his portfolio from 3 units to 15 units
 - d. property manager who is seeking to change careers

The following are either true (a) or false (b).

11. Tax considerations play a role in the changes an investor makes regarding his portfolio.
12. Smaller properties may use only a management confirmation letter to establish the relationship between the property manager and the property owner, in addition to the written management contract for services.
13. A good source for obtaining national data would include the local trade association.
14. California communities change quite a bit in character and composition due to shifts in demographics, shifts in employment and population movement.
15. Political factors of a community that affect property include the unit floor plan.
16. When the seller represents the operating expenses, the buyer knows that these figures are guaranteed and a true representation of actual operations.
17. When giving information about the future of the property, the past historic and present data would be excluded, and only the future data would be presented.
18. The main management goal is to meet compliance with governmental regulations.
19. Demographic information includes data on the property taxes, insurance and operating expenses.
20. Financial analysis includes calculating the rate of return.

CHAPTER 5 QUIZ

1. Marketing of rental property happens:
 - a. only when the phone is answered.
 - b. by all building landscaping and on-site personnel, except maintenance
 - c. in weekend classified and display advertising
 - d. All of the above

2. Which is the most expensive form of advertising?
 - a. Radio and Television
 - b. Billboards and bus benches
 - c. Public relations campaign articles
 - d. Print media

3. A good rental technique to attract prospective tenants would be:
 - a. lowering the rents
 - b. requiring no deposits
 - c. holding open houses
 - d. buying tenants' appliances

4. A copy of a driver's license and pay stub helps verify the application to rent data for:
 - a. bank accounts
 - b. address
 - c. creditors
 - d. autos

5. A vacant unit should never be shown:
 - a. dirty
 - b. occupied
 - c. while prior tenants are out
 - d. before the ad is placed

6. A list of available vacancies:
 - a. creates an ostensible agency
 - b. lists only the best property
 - c. always reaches the advertising public
 - d. should be posted on the inside window of vacant units so it can be read from the outside

7. An incoming telephone log is used to:
 - a. assure accuracy of messages
 - b. check on personnel
 - c. schedule personnel for peak workload times
 - d. prevent unfair practices

8. Which of the following would not be part of the move-in contract?
 - a. Waterbed deposit
 - b. Management agreement
 - c. Pet deposit
 - d. Walk-thru agreement

9. If a picture of the building you manage appears in the newspaper with the heading SLUMLORD, the professional property manager should:
 - a. burn the building and collect the fire insurance
 - b. cry, then get his or her sign off the building
 - c. write his or her congressman

d. hire a public relations firm to publicize the other side of the story

10. The real estate licensee, as a property manager:
- a. may discriminate if specifically instructed to do so in writing by the owner
 - b. use an ad on an already rented unit to attract prospects to another unit
 - c. must disclose she is an agent in the ad, even if she is the owner
 - d. can place a sign and lockbox on any property without written permission

Answer the following questions are true (a) or false (b).

11. California tenants have become more mobile and use more mobile technology to locate a place to live.
12. Public relations creates a desire for a particular apartment building over others available.
13. The purpose of merchandising to obtain prospects.
14. A 17 year old may be asked to complete a rental application because it is expected that they will stay in occupancy when they turn 18 years old and would then be bound by the terms of the written agreement.
15. Most prospective tenants look first at the telephone company yellow pages book to locate apartment complexes to call to see if any vacancy is available.
16. Because the real estate licensee is the owner of the property, no special identification or disclosure is necessary when placing an ad for a vacancy.
17. HUD allows the following ad: "Walk to bus, schools, temple, shopping and parks. Ask about our adults section, senior section and children's areas. No move in deposit for Section 8 tenants and only \$1000 for all others. \$1200 per month. Leave message at (xxx)xxx-xxxx."
18. It is wise to make a copy of the applicant's driver's license and compare the signature between the id and the signed application.
19. Use of rents via money order or cashier's check, rather than cash on the premises, is recommended today because of security for personnel, theft of rents, identification number of the money order number and greater safety because it is specifically payable to the owner or property management firm.
20. Media includes public relations, phone lines of the manager and inquiries.

CHAPTER 6--QUIZ

1. Posted hours for the On-Site Resident Manager ensures:
 - a. regular hours and scheduled time off
 - b. peace and quiet for the manager
 - c. reasonable cooperation between tenants, management & state agencies enforcing labor laws
 - d. five days on the job, two days off, and no overtime
2. A written Resident Apartment Manager-Employer Agreement:
 - a. should be used instead of a rental agreement
 - b. includes emergency and overtime pay
 - c. spells out five days work and two days off
 - d. includes duties assigned as a separate form, because they may change
3. An assignment of duties:
 - a. states who is primarily responsible for each, even though others may sometimes perform them, referred to as a job description
 - b. includes work requirements for emergency, crisis and evacuation procedures
 - c. defines janitorial, custodian and groundskeeper job descriptions, duties and responsibilities
 - d. lists allowable on-site expenditures, forms to be used and on-site duties are performed.
4. The key positions for the building include:
 - a. gardener and pool service company
 - b. maintenance personnel and leasing agent
 - c. termite and pest control workers
 - d. laundry room and vending machine personnel
5. An independent contractor would be involved with which form:
 - a. 1099
 - b. W-2
 - c. DE3
 - d. 941
6. There is a trend to have more of the management duties handled by the :
 - a. owner
 - b. on-site manager
 - c. off-site manager
 - d. leasing agent
7. A maintenance person should:
 - a. be well groomed
 - b. have some kind of uniform, such as company logo shirt
 - c. furnish their own tools for the job
 - d. all of the above
8. The on-site manager is subject to all of the following except :
 - a. workman's compensation
 - b. FICA
 - c. FUTA
 - d. DRE broker license
9. The prospective tenant should :
 - a. inspect the unit prior to being approved to rent the space
 - b. complete a written application to rent form
 - c. provide a photo identification, their last pay stub and credit check fee
 - d. all of the above should be included for a prospective tenant

10. The difference between the on-site manager and the off-site management firm includes:
- a. the management firm knowing the owner's goals, while the on-site doesn't
 - b. the duties and responsibilities for each
 - c. supervision of independent contractors
 - d. There is no difference between the two

The following are true (a) or false (b) statement.

11. The duties for the on-site manager and the off-site manager are the same.
12. The job title for a position is so consistent in the industry that there is little need for a written description of job duties since everyone pretty much agrees on what would be involved for each.
13. There are many differences between the state labor laws and IRS laws.
14. One of the key duties for the on-site manager is to show the vacant unit.
15. A licensed real estate agent is usually deemed an independent contractor rather than employee.
16. Immigration laws do not come into play for the position of on-site manager because the individual lives on the premises as a tenant and since they pay no rent, there is no wages or taxes, hence no social security number or legal ability to work in the U.S. is necessary.
17. California Real Estate license laws are found in the Business and Profession's Code.
18. A leasing agent may be compensated for each qualified tenant obtained.
19. Independent contractors and employees are handled the same by labor laws.
20. No additional background check need be made since the on-site manager had a credit check.

Chapter 7 Quiz

1. A walk-through form is a statement of the condition of the premises:
 - a. as of the date of the move-in and at the time of the move-out
 - b. that indicates what repairs will be done
 - c. listing the items that will be replaced or restored
 - d. which dissolves all future conflict

2. A written rental agreement:
 - a. is exactly the same as a lease, with no differences
 - b. should be signed and dated by all parties
 - c. takes the place of a walk thru
 - d. guarantees prompt rent collection

3. Which of the following would not need to be disclosed to a tenant?
 - a. Lead-based paint
 - b. Mold
 - c. Tenant with AIDS
 - d. Earthquake and smoke detector compliance

3. When changing management companies, the tenant should receive:
 - a. Both a change in Terms of Tenancy and a letter of explanation
 - b. Only a Change in Terms of Tenancy
 - c. Only a letter telling them the information on the new company
 - d. A thirty day notice.

5. The walk-through form when a tenant moves out should be:
 - a. A new condition of the premises form
 - b. A photo copy of the form used when they moved in with the move-in information already filled in, and the column for move-out blank until completed after all tenant items are removed from the premises.
 - c. Mailed to the tenant to complete, along with a letter telling them where to mail the keys.
 - d. Completed by the tenant within five days after they have mailed out and then mailed to the owner or manager.

6. When a tenant renders a check that is dishonored by their bank, the landlord may:
 - a. Require all future payment to be made by cashier's check or money order
 - b. Serve a Notice to Pay or Quit for the amount of rent due
 - c. Charge the tenant additional penalties for bank charges
 - d. Do all of the above.

7. The rental agreement:
 - a. Is a legally binding contract between the parties
 - b. Must be complete and may not contain addendums
 - c. Can be voided if the owner wants to change the clauses
 - d. May be voided if the tenant wants to change the clauses

8. A disclosure that should be made in the rental contracts would include:
 - a. Rent proration
 - b. If a death had occurred on the premises
 - c. The method by which the rent may be paid
 - d. The tenant's credit score obtained from the credit bureau

9. The Change in Terms of Tenancy form is best used:
 - a. When the tenant is causing a problem on the premises and the owner wants the tenant to move. Raise the rent until they move.
 - b. To notify the tenant that a maintenance person will be inspecting the unit within three (3) days to make repairs.
 - c. So the tenant know who to send the rent to after a change in property ownership at close of escrow.
 - d. To institute legal action to make the tenant stop doing something.
10. Changes to the original rental agreement:
 - a. May be verbal and will be later honored
 - b. Should always be in writing to be enforceable
 - c. Can be common, local custom and practice equivalent to law
 - d. Never happen once the premises are occupied

The following are true (a) or false (b) statement.

1. A walk-through condition of the premises is not necessary because all the maintenance was done when the unit was vacant and the unit is now clean, in good repair and ready to move into.
2. Rental termination may be voluntary or involuntary.
3. The Statute of Frauds states that an agreement of more than one year must be in writing.
4. Disclosures for rentals are different and not needed as used in real estate sales.
5. A written statement of the tenant's intent to move is not necessary so long as the tenant has telephoned the owner or has told the on-site manager a definite move-out date.
6. A walk through form is unnecessary when a tenant vacates a unit because they always leave the premises in as good or better condition than when they took possession.
7. A lead-based paint disclosure form should be used for any property built before 1978, even if the property has been remodeled and modernized.
8. The pool rules and pet agreement forms are used only if needed. If the property does not have a pool and the tenant does not have a pet, there is no need for the form.
9. An introduction letter for a new tenant move in that spells out emergency telephone numbers, rent payment and similar is helpful for a new tenant.
10. Megan's law has been outlawed in use for real estate sales and is unnecessary to use with rental property.

CHAPTER 8 QUIZ

1. The initials "U.D." relate to:
 - a. mortgage information
 - b. uninsured determination matters
 - c. condominium rules and restrictions
 - d. an eviction action

2. A stipulation refers to:
 - a. an insurance clause
 - b. a loan term
 - c. a legal settlement
 - d. a rental agreement

3. An Arietta Claim pertains to:
 - a. a maintenance and repair claim
 - b. persons not named in an eviction action
 - c. an insurance claim
 - d. personal property claims of tenant's for improvements

4. A tenant may file which in an unlawful detainer action against them:
 - a. answer
 - b. summons and complaint
 - c. notice to pay or quit
 - d. notice of trial and stipulation

5. The illegal act of directing prospective persons to particular areas or neighborhoods based upon their race is:
 - a. blockbusting
 - b. steering
 - c. Section 8
 - d. segregation

6. Rent loss insurance covers:
 - a. rents lost in a tenant eviction
 - b. court costs and fees in a tenant eviction
 - c. all of the above
 - d. rents lost because of a building fire

7. A certificate of insurance is required by:
 - a. mortgagee
 - b. tenant
 - c. landlord
 - d. attorney

8. Worker's Compensation Insurance contains:
 - a. clauses excluding graffiti
 - b. a surcharge for claims of insolvent companies
 - c. stock options for coinsured lack of losses
 - d. exclusion for glass and water problems

9. Should a tenant who owes rent move, leaving \$500 worth of personal property on the premises, the landlord may:
 - a. sell the property and apply the funds to the rent due

- b. hold the items until the tenant pays the rent due
 - c. store, advertise, publish, and sell the items, sending the proceeds to the county
 - d. store, advertise, publish and sell the items, sending the proceeds to the nearest relative or the state
10. A tenant may file which in an unlawful detainer action against them:
- a. answer
 - b. summons and complaint
 - c. notice to pay or quit
 - d. notice of trial and stipulation
11. A Declaration of Service should always be:
- a. by Certified or Registered mail, with a signed receipt
 - b. personal, if at all possible
 - c. given to the tenant's child who answers the door
 - d. done at the court house
12. The notice you would serve to notify the tenant that they will be responsible for payment of the water bill, instead of the landlord is:
- a. a 3-day notice
 - b. a 5-day notice
 - c. a Change of terms of Tenancy
 - d. a Disposition of Deposit
13. The provisions of the security deposit law include allowable deductions for all but which of the following:
- a. tenant-caused damage
 - b. cleaning, upon termination
 - c. nonrefundable move-in fee
 - d. a default in rent
14. A good Itemized Disposition of Security Deposit would include:
- a. brand, color and name of paint used
 - b. date, number and amount of refund check
 - c. owner's name, address and telephone number
 - d. copies of receipts for all labor and materials
15. A 3 day notice to pay or quit that is served for nonpayment of rent:
- a. includes all money due and owing
 - b. may include the monthly payment of deposits
 - c. will list separately all late fees
 - d. requires the tenant to move within 3 days
16. An attorney and court action eviction:
- a. is handled the same for all counties in California
 - b. varies from judge to judge, even within the same jurisdiction
 - c. is prohibited if the resident is a Section 8 tenant on unemployment
 - d. is referred to as an unlawful detainer
17. One job of the property manager is to:
- a. compare the insurance coverage that the owner should maintain
 - b. determine the monthly income and expense budget for each tenant
 - c. perform a monthly interior inspection of each unit
 - d. photograph and measure the interior of each unit
18. When a tenant has \$10,000 in unpaid rent and is still in possession of the unit, the property manager should:

- a. begin a court action in small claim's court on behalf of the property owner
- b. file a legal notice with the Municipal court to have the court appoint an attorney to handle the court actions necessary to remedy the default by the tenant
- c. have an attorney file an unlawful detainer (U.D.) action with the court
- d. obtain an unlimited jurisdiction superior court administrative judge to handle the eviction

19. When a landlord charges a fee to a prospective tenant for a credit check fee
- a. the total fee must be added to the refundable security deposit upon move out
 - b. the landlord may not charge more than a \$20 maximum for such service
 - c. California Civil Code section 1950.6 sets a maximum screening fee
 - d. no more than \$50 may be charged for a married couple

20. When a tenant leaves behind personal property after an eviction proceeding awarded the landlord possession of the premises and at the end of a tenancy, the landlord may:
- a. If the dollar amount is less than \$300, the items may be immediately discarded
 - b. If the dollar amount is more than \$300, the items are to be sold at public auction
 - c. Provide a legal Belief of Abandonment form and notify the tenant how they may take possession of their personal property
 - d. Provide a certified letter that lists the personal property to the sheriff's office that performed the eviction so the sheriff may service it on the tenant.

Chapter 9 Quiz

1. The period of time an asset can be used is:
 - a. Physical life
 - b. Maintenance
 - c. Repairs
 - d. Economic life

2. The process of replacing or repairing items identified during regular and routine building inspections is:
 - a. Corrective maintenance
 - b. Preventive maintenance
 - c. Deferred maintenance
 - d. Emergency maintenance

3. A main purpose for the building maintenance card is to:
 - a. record unit work
 - b. give IRS records
 - c. reduce emergencies by scheduling regular maintenance
 - d. justify maintenance expenses to the building owner

4. The main reason for the drive-by inspection is to:
 - a. indicate the condition on a specific date
 - b. criticize the property manager's work
 - c. alert the owner of a problem with the maintenance worker
 - d. annoy the tenant

5. The office repair problem report:
 - a. shows all work done on each unit, when and by whom
 - b. indicates the labor and material costs of maintenance
 - c. gives a written work order
 - d. is a maintenance invoice

6. The written estimate form:
 - a. authorizes work to be done immediately
 - b. lists details of repairs needed, including parts replacement
 - c. is an invoice, accounting-billing system
 - d. has owner authorization for financial responsibility

7. A form-letter for residential tenant repair requests should include:
 - a. tenant authority to call a workman to order additional items needed to be repaired
 - b. a vendor identification number from the approved vendor list
 - c. tenant caused damage responsibility for tenant payment of the bill
 - d. date, time and work that will be performed by the workman.

8. Basic rules for reviewing a repair request would include:
 - a. Am I authorized by the owner to take action?
 - b. What is the estimated cost?
 - c. How much discount will be received?
 - d. When will the job be done?

9. California laws dictate residential units as inhabitable when the:
 - a. door stops are gone
 - b. window glass is broken
 - c. floor coverings are worn
 - d. window coverings are gone

10. The tenant is obligated to maintain:
 - a. clean and sanitary premises
 - b. stairways and railings
 - c. fire extinguishers
 - d. security bars

The following are true (a) or false (b) statement.

11. Preventive and corrective maintenance are the same and both extend the life of the asset.
12. Habitability is one of the optional maintenance categories.
13. Custodial maintenance falls within the area housekeeping.
14. All maintenance personnel and vendors offer about the same quality and service.
15. Tenant habitability and landlord habitability are the same.
16. Ordinary maintenance that has been postponed for a long time, it is called deferred maintenance.
17. A written bid for maintenance work and repairs should always be requested prior to a blanket authorization to perform the maintenance so that authorization is given and the decision making process is made by the property manager or owner.
18. The period of time that an asset can be used in the production of income and services is called the economic life.
19. It is usually always best to repair an existing appliance to keep the integrity of the unit. Replacing an appliance just makes the other tenants also want a new appliance. A part is just about always cheaper than a new unit in the long run.
20. Good management has the tenant approve vendor work that the item is completed.

CHAPTER 10 QUIZ

1. When you are not the property owner, which of the following is required when managing single-family residences:
 - a. permit from DOH
 - b. real estate license from DRE
 - c. certificate from HUD
 - d. user fee from DMV

2. Manufactured housing parks may discriminate in all of the following areas except which:
 - a. Adults only
 - b. Senior citizens
 - c. Handicap
 - d. Families

3. Which of the following do not have a California Resident Occupancy Law?
 - a. Mobile home parks
 - b. Recreational vehicle parks
 - c. Apartments.
 - d. Condominiums

4. An on-site manager is required, by law, for which:
 - a. A 100-unit mobile home park
 - b. A 10-unit apartment house
 - c. A 100-unit condominium
 - d. 10-unit planned unit development

5. A tenant of a manufactured housing unit must receive a copy each year of:
 - a. The association Rules and Regulations
 - b. The Park By-laws and Amendments
 - c. California Civil Code laws
 - d. license and permits

6. Managing timeshares includes overseeing:
 - a. Subtenant activities and Certificates of Ownership
 - b. Security deposits for last month's rent and pet deposits
 - c. Preventive maintenance, corrective maintenance and equipment repair
 - d. Highway tax, trade license and association fees

7. Recreational Vehicle Parks:
 - a. require far less property management than a time share
 - b. are unpopular due to their higher overall cost for the complex
 - c. have problems because they cannot be traded for other parks
 - d. appeal to both retired persons and local weekend users

8. Which of the following would be least likely to use the services of a licensed real estate property management expert for senior citizens?
 - a. Convalescent home
 - b. Seniors apartment building
 - c. Retirement centers
 - d. Retirement communities

9. Institutional housing does not usually include:
- a. dormitories
 - b. timeshares
 - c. military housing
 - d. industrial housing
10. More property managers work in the area of _____ than any other type of property.
- a. commercial
 - b. industrial
 - c. office buildings
 - d. residential, including apartments, mobile homes and senior citizen housing

Answer the following questions are true (a) or false (b).

11. One advantage of owning a time share is the ability to trade the one you own for a different location, different time and one that has different amenities.
12. Income for the real estate licensed agent is more steady with real estate sales than with property management fees.
13. All residential rental rules for tenants are the same among the various types of property.
14. Age discrimination does not allow the property manager to treat senior citizen any differently than all the other groups of the general population.
15. The purpose for a dormitory, military housing or institutional housing is to provide residential units for a select audience.
16. One of the chief management problems for the property manager when managing resort property is when there is a need for unscheduled maintenance and repairs.
17. A growing segment of the property management field is in the area of retirement communities.
18. Both the Western Mobile Home Association and GSMO assist tenants in their rights under rental laws found in the Business and Profession's Code.
19. All residential property requires both the landlord and the tenant to give the other party 30 day prior written notice of the intent for the tenant to move.
20. Single family homes converted to a rental and investment in senior housing projects often carry advantageous tax advantages.

CHAPTER 11 QUIZ

1. A townhouse is a type of:
 - a. housing design
 - b. condominium project
 - c. cooperative
 - d. planned unit development

2. A Common Area is that area which is owned by the:
 - a. board of directors
 - b. association
 - c. developer
 - d. property manager

3. A condominium owner owns:
 - a. fee absolute simple title to a specific unit
 - b. undivided interest membership in a homeowners association
 - c. both a and b
 - d. shares of stock in a corporation

4. A cooperative owner owns:
 - a. fee absolute simple title to a specific unit
 - b. undivided interest membership in a homeowners association
 - c. both a and b
 - d. share of stock in a corporation

5. A planned unit development (PUD) owner owns:
 - a. fee absolute simple title to a specific unit
 - b. fee absolute simple title to the land under the unit
 - c. an undivided interest in the common area
 - d. all of the above

6. The powers of the association do not include the right to:
 - a. inform the first trust deed holder of default in dues payments, if requested to do so in writing
 - b. levy a \$100 penalty to an owner who has tenants who have violated the association rules and regulations
 - c. sell the unit without formal foreclosure procedures and expenses because the association holds bear legal title
 - d. suspend the voting privileges of an owner who does not have their dues current and paid

7. The property management duties would not include:
 - a. attending association board of directors meetings
 - b. balancing the checkbook of the association
 - c. completing an annual CPA audit IRS verification
 - d. enforcing the rules and regulations of the association

8. The growth in popularity of housing ownership in California that includes belonging to an association is caused by all except which of the following:
 - a. affordability
 - b. board of directors interaction
 - c. lifestyle changes
 - d. maintenance-free ownership

9. The Institute of Real Estate Management (IREM) furnishes annual reports and information on:
 - a. management agreement contract
 - b. summary of expenses
 - c. association rules and regulations
 - d. association by-laws, and CC&R's
10. The property manager gets its power and authority to act from:
 - a. the association declaration of CC&R's that empower the board of directors to hire
 - b. the association rules and regulations
 - c. the developer by-laws
 - d. the property management committee

Indicate if the following is a true (a) statement or a false (b) statement.

11. A condominium, planned unit development and townhouse are all the same.
12. The advantages to owning a condominium rather than renting an apartment is that there are shared expenses for the amenities and the owner does not have to ask permission to paint or decorate the interior.
13. An advantage of condominium ownership over apartment living is to control over the interior decor.
14. A proprietary lease is given to a stockholder of a condominium.
15. The governing structure for all homeowner associations is the rules and regulations as set forth by the Board of Directors of the corporation.
16. Election votes for association members is best handled by a written mail ballot.
17. The articles of incorporation for a homeowners association are usually recorded and are the primary governing body.
18. Each individual member within a household who has association membership receives the right to one vote per person.
19. The common area for an association includes driveways abutting the streets and alleys, sidewalk areas, and community recreational facilities.
20. The property manager obtains bids from contractors, submits proposals directly to individual unit owners, and makes the final decision for most all expenses.

CHAPTER 12 QUIZ

1. Important matters of non-residential property management include:
 - a. Ergonomics
 - b. HVAC
 - c. Energy studies
 - d. All of the above

2. California development has been hindered by all of the following except:
 - a. Coastal Commission
 - b. EPA
 - c. Environmentalists
 - d. Pacific-Rim investors

3. Office building rent increases are often tied to the:
 - a. T-Bill rate
 - b. ARM
 - c. CPI
 - d. IRS

4. The Theme Shopping Center would:
 - a. have 25,000 to 100,000 gross leasable area
 - b. need at least 50,000 people within a five mile radius
 - c. include specialized shops for tourists
 - d. located within a 30 minute driving distance from shoppers

5. Which of the following industrial property group information is correct?
 - a. footloose industries may be located most anywhere
 - b. market-oriented industries are situated closest to the raw materials source
 - c. material-oriented industries are located near specialized personnel
 - d. transportation oriented are usually near down town

6. Which is incorrect?
 - a. Competition is such that government has little involvement in industrial property
 - b. bumps refer to rent increases
 - c. absorption rate is how fast new, vacant units are filled
 - d. DBA means an operation is Doing Business As a fictitious name

7. Which is not the meaning of *pro forma* used in property management?
 - a. In accounting, *pro forma* earnings are those earnings of companies in addition to actual earnings calculated under the Generally Accepted Accounting Principles (GAAP) in their quarterly and yearly financial reports.
 - b. In law and legislation, *pro forma* court rulings are intended merely to facilitate the legal process (to move matters along), and are referred to as bills that are introduced but only the first reading, and the bill is never considered further.
 - c. In [business](#), *pro forma* [financial statements](#) are prepared in advance of a planned [transaction](#), such as a merger, an acquisition, a new capital investment, or a change in capital structure such as incurrence of new [debt](#) or issuance of [equity](#).
 - d. The *pro forma* models the anticipated results of the transaction, with particular emphasis on the projected [cash flows](#), net revenues and (for taxable entities) taxes.

8. A standard lease clause should include:
 - a. IRS financial auditor entry and inspection dates and times
 - b. name of both husband and wife for an individual business
 - c. tenant vendor insurance and liability requirements

d. business license security deposit tax rate for the property owner

9. Which of the following is a true statement?

- a. a strip shopping center has a major department store as a key tenant
- b. a theme center may include San Diego's Old Town
- c. a neighborhood shopping center needs 1 million people within a 5 mile radius
- d. a regional mall usually consists of 10,000 to 30,000 gross leasable square footage

10. Property management expertise is commonly needed for:

- a. negotiating leases
- b. preparing tax forms
- c. litigating damages
- d. appealing reversal decisions

Indicate if the following is a true (a) statement or a false (b) statement.

11. The party responsible for signing a lease for a partnership is the limited partner.

12. The landlord may require the tenant to keep a current copy of the business name DBA on file with the property manager as part of the lease agreement.

13. Most non-residential property is subject to statewide rent control.

14. Long-term non-residential leases often have rent increases established in the original lease.

15. HVAC represents Handicap Vacancy Appraisal Certificate that establishes if a property has been checked by a government agency to comply with state and federal laws.

16. The long term vacancy rate for industrial property stays pretty much the same over time.

17. A pro forma income and expense statement is frequently used for shopping center budgeting.

18. All types of industrial property are pretty much the same, with the same tenant needs and basic characteristics.

19. Professional organizations are available for the specialized areas of non-residential property management.

20. Warehouse and distribution space has been greatly overbuilt, has a high vacancy rate and is in little demand in California.

CHAPTER 13 QUIZ

1. The civil code section that change the time period for refunding a tenant's deposit is:
 - a. 1950
 - b. 1940
 - c. 1930
 - d. 1920
2. A software program used for property management should include the ability to furnish:
 - a. a description of the property interior, including appliances, color of carpet, etc.
 - b. a list of insurance losses that have been paid on the property or for a tenant
 - c. the income and expense report
 - d. the contracts for sub-leases and assignments
3. The most important considerations in setting up a new property management accounting system would include:
 - a. Cost of the hardware and the software
 - b. Ability to obtain a free download demo versus a disc demo
 - c. Compatibility with existing business accounting software system
 - d. *Training and cost for ongoing technical support
4. A set of online computer generated rental forms is through the use of:
 - a. BOMA's legal hotline
 - b. CAR's Win Forms
 - c. CAA's designation
 - d. d.IREM's AMO program
5. Property management software accounting programs are written to handle which type of properties:
 - a. all of the following:
 - b. commercial
 - c. homeowner associations
 - d. residential
6. The purpose of the data processing center of a property management firm is to:
 - a. Furnish the property manager with access to detailed accounting reports.
 - b. Maintain the basic accounting for the company and property owners.
 - c. Generate reports and newsletters and database information for onsite managers.
 - d. Complete tax preparation compilations for each property's accounting.
7. When studying various property management accounting systems, the first study the broker should make prior to considering implementing any software is to review:
 - a. The recommendations from other firms who have purchased and used the software
 - b. The salesperson brochures and sample trial usage of typical forms to be used.
 - c. Identify the legal requirements for the various trust fund accounting logs.
 - d. Consult with the accounting department personnel for their knowledge on the new, proposed accounting system.
8. One of the advantages of a manual accounting system for the property manager is:
 - a. It can be the most reliable source for the accounting department to depend on.
 - b. That it is simple and quick to check who has paid and who has not.
 - c. When the property owner wants their monthly accounting statement records.
 - d. To show their work when a personnel evaluation is performed on the manager.

9. The primary purpose of the itemized disposition of a tenant's security deposit is:
 - a. A good idea so the tenant can keep straight the amount of deposit they paid.
 - b. Used by the maintenance department to determine what repairs need to be made to the unit before a new tenant can move into the vacant unit.
 - c. Required by law to give an accounting of funds received and expended.
 - d. To detail the condition that the unit was in when the tenant took possession.

10. The advantages of using a computer accounting property management software system is:
 - a. To ease the legal requirement for a daily balance for each property owner and for the entire trust fund.
 - b. For ease of use to retrieve data that is in the system.
 - c. The ability for mass electronic storage of tenant, property, owner and financial records.
 - d. All of the above are advantages.

Answer the following questions as true (a) or false (b).

11. All accounting systems have all the same features.

12. When a property manager collects a separate check for the security deposit made payable directly to the property owner, no accounting record is necessary.

13. Rent collected from a tenant would be placed into the broker trust account.

14. Company accounting records include the income from management and leasing fees and the expenses, but rarely include payroll records since the licensed property managers are independent contractors.

15. The advantage of a move in letter mailed to a tenant shortly AFTER the move in is that in the mix up of moving the paperwork is often misplaced, such as the rental agreement and similar documents that detail the rent payment.

16. The accounting records should reflect whether or not the tenant may pay with a personal check.

17. A budget would normally only be prepared for the marketing department, but not for the individual properties or the business as a whole because too many items are variable.

18. Once a tenant has a check that is dishonored by their bank, future payments may be expected to be prompt and a personal check that has adequate funds for future rent payments.

19. Late fees are always honored by the courts and may be included on the Notice to pay rent form served on the tenant when they are late paying their rent.

20. The cost of property management computer software programs can vary from under \$100 up to about \$5,000.

CHAPTER 14 QUIZ

1. A good office layout would include all of the following except:
 - a. conference table and reception area/waiting room
 - b. bookcase library for reference materials
 - c. walking through an office to get to another room
 - d. security on rent receipts and office forms
2. Before starting any business, a checklist would include:
 - a. amount fees can be cut to obtain business contacts
 - b. ability to borrow from relatives
 - c. number of accounts that can be taken from the property management company last worked for
 - d. willingness to work long, hard hours to get started
3. Organizational charts:
 - a. are set by the Institute of Real Estate Management
 - b. have rigid standards for clearly defined structures for all management company operations
 - c. vary according to size of company, and number of units.
 - d. would be the same for all company policies
4. Divisions for a policy manual would include all but which of the following:
 - a. owner's name, address and telephone number
 - b. history of the business and business objective
 - c. job duties, descriptions and responsibilities
 - d. general rules of employment
5. Most property managers:
 - a. write a newsletter to the property owners
 - b. have taken a course in real estate principles and law
 - c. have studied insurance and credit
 - d. clean common areas
6. The facts used to determine independent contractor or employee include which items listed below:
 - a. who owns the auto driven to work?
 - b. who provides the tools?
 - c. how many total hours worked?
 - d. what is the mode of business travel?
7. A broker trust account:
 - a. must be reconciled at least once a month
 - b. can have one owner with a negative balance and another owner with a positive balance, so long as the total bank balance is a positive number
 - c. has to give owners a monthly statement of their funds
 - d. requires tenants to receive monthly accounting of their deposit funds
8. Management agreement contracts should be retained for how many years after termination of the working relation:
 - a. 2-5 years
 - b. 3-5 years
 - c. 5-7 years
 - d. 10 years
9. The purpose of the management inquiry sheet is to:

- a. be able to retrieve data for call backs
- b. price management unit fees
- c. set up ongoing file folder processing
- d. get all necessary data to manage the property

10. The management contract should include clauses covering:
- a. fees, powers, responsibilities
 - b. authority, property expenses, powers
 - c. rent rates, fees, authority
 - d. hours, vacation, duties

Answer the following questions are true (a) or false (b).

11. The only method of holding title to a firm that manages property for others, when the firm does not own the property, is by using a limited partnership agreement.
- 1. The DRE licensed salesperson is a limited partner or shareholder of a corporation and the property manager for properties that the firm manages for various owners.
 - 2. The office procedures manual would include the history of the firm and the various policies of the organization.
 - 3. The office policy manual would include personnel issues, such as compensation, promotion, benefits and licensing.
 - 4. All personnel should solicit new business for the firm.
 - 5. A poor office layout is when a person has to walk thru the office or work area of another person, which disrupts both from focusing on their job, task and duties.
 - 6. A property management firm should have a computer for each worker with the ability to access company forms, email, print and fax directly from that machine.
 - 7. A licensed real estate agent who plans to work in the field of property management should complete college level courses in real estate principles, real estate law, real property management; and, it would be helpful on the job to take courses on accounting/bookkeeping, computer applications and real estate math.
 - 8. If an individual has a real estate license the IRS will automatically determine that the person is an independent contractor and not seek any additional job duty information.
 - 9. When taking on a new account, the management firm should provide staff with a summary sheet for the various personnel who will be working for the property owner, such as the accounting department, the marketing department, maintenance and the property manager.

CHAPTER 15 QUIZ

1. The professional property manager has:
 - a. education
 - b. experience
 - c. application
 - d. All of the above

2. The professional landlord:
 - a. gives direction
 - b. lets the manager handle everything
 - c. personally reviews all aspects of management
 - d. uses only a CPA, CFP, and CPM

3. The Institute of Real Estate Management aids in:
 - a. communications with owners
 - b. communications with tenants
 - c. networking on issues
 - d. listing approved vendors

4. Affiliation with the local Board of Realtors:
 - a. joins members with the local Apartment Association
 - b. affect interests of the property management job
 - c. authorizes the member to use the Certified Property Manager logo (CPM)
 - d. certifies the member as an AMO

5. The professional tenant knows:
 - a. their budget limitations and rights
 - b. that arbitration waives all their rights
 - c. their rights are limited to mediation
 - d. that a non-licensee cannot get sued

6. Which is not involved in tenant rent assistance:
 - a. Housing Authority
 - b. Housing Voucher Program
 - c. Health & Urban Division
 - d. Section 8

7. The National Tenant Organization (NTO):
 - a. rules and negotiates
 - b. informs and educates
 - c. bargains and presides over
 - d. litigates and instructs

8. Ethics matters in business are most likely to be:
 - a. more stringent than the ethics found in family, home and personal life
 - b. in gray areas rather than strictly black and white
 - c. arbitrary, subjective, and cannot be trained
 - d. interpreted by individual property owners and vary widely between properties

9. A professional property manager must:
 - a. obtain approval from the client for a non-monetary benefit
 - b. get three competitive bids before approving any work
 - c. pledge themselves to pay for contingencies and losses
 - d. agree to abide by the findings of a Code of Ethics trial

10. A Certified Property Manager, when discussing the previous property management operation, would emphasize:
- a. the prior firm's lack of professional qualifications
 - b. the audit trail you will perform to seek a trial against them
 - c. the excessive spending they did using their vendors
 - d. the quality of service that we can offer

The following are true (a) or false (b) statement.

11. When a client asks the real estate licensed property manager to not rent to single women with small children because the unit door, when fully opened, is only about 10# from the pool that does not have a safety surround, the professional would refuse to manage the property, irrelevant of the amount of increased management fee the owner offered.
12. All DRE licensed property managers are members of some association of realtors® or management group.
13. Obtaining a CPM designation takes on average about 2 or 3 years of experience and completion of a one week seminar.
14. The NAR *Code of Ethics* applies only to real estate sales and not to property management.
15. The professional tenant should know the amount of rent for which they qualify.
16. The professional manager would obtain education that would include communications, technology, ethics, finances, laws and management.
17. The professional landlord does not ask the manager to perform illegal activities.
18. Professional management organizations include CAR, DRE, IREM and NAR.
19. The real estate industry has a high level of written ethics that are to be followed.
20. Students who complete all the information contained in this text will have a more thorough knowledge of the property management business.