

FINAL EXAM 5/15/04 PROPERTY MANAGEMENT
Real Estate Property Management -Robert Rooks

1. The contract between the owner and management company is called:
 - a. rental agreement
 - b. a management contract
 - c. a covenant
 - d. all of the above
 - e. none of the above

2. Eviction for non-payment of rent begins with:
 - a. a notice to pay rent or quit
 - b. a summons and complaint
 - c. a writ of execution
 - d. all of the above
 - e. none of the above

3. The largest size of the shopping centers listed below is:
 - a. community
 - b. regional
 - c. strip
 - d. neighborhood

4. When does a property manager need a California real estate license to manage apartments?
 - a. if manages own properties
 - b. if manages several buildings for multiple owners
 - c. doesn't need a license to manage for others
 - d. a real brokers license is mandatory in every instance mentioned.

5. Which is the most common form of advertising media for apartment rentals?
 - a. radio
 - b. magazines
 - c. newspapers
 - d. TV

6. The designation "CPM" means:
 - a. certified professional manager
 - b. clerical property manager
 - c. certified property manager
 - d. none of the above

7. High-speed elevators, structural steel, and reinforced concrete made possible:
 - a. high rise buildings
 - b. strip shopping centers
 - c. single-story industrial buildings
 - d. all of the above
 - e. none of the above

8. Co-mingling is:
 - a. one client's funds used to pay the bills of another
 - b. non-disclosure of interest to owner
 - c. not depositing funds
 - d. all of the above
 - e. none of the above

9. What is the management fee if gross collected rents equal \$20,000 per month and the management fee is 8%?
 - a. \$2,500
 - b. \$1,600
 - c. \$1,500
 - d. none of the above

10. T F Disposition of a departing resident's security deposit must be made within 21 days.

11. An owner need not keep his property in habitable condition if
 - a. the tenant waives his rights
 - b. the tenant is over 18 years of age
 - c. the tenant is a real estate agent
 - d. the tenant is a maintenance worker
 - e. none of the above

12. The largest area in property management is:
 - a. office buildings
 - b. shopping centers
 - c. residential
 - d. mini-storage

13. The largest single items of expense on income property are usually:
 - a. insurance
 - b. maintenance and utilities
 - c. property taxes
 - d. management fees

14. T F The "CPM" designation is conferred by the Institute of Real Estate Management.

15. The color scheme of shopping centers should be:
 - a. conservative and bland
 - b. bright and cheerful
 - c. dull and nondescript
 - d. patternless

16. T F The rental rate for "kiosks" is more expensive per square foot than for normal stores.

17. Small claims action does not permit:
 - a. witnesses
 - b. appeal by the defendant
 - c. attorneys
 - d. suing for less than \$500

18. In California, office space would most likely be quoted in terms of
 - a. dollars per square foot per year
 - b. dollars per square foot per month
 - c. percentage rent
 - d. flat fee

19. If a condominium association pays a fee of \$5 per door per month, what would be the management fee for 260 units?
a. \$160
b. \$2400
c. \$240
d. \$2600
20. T F Insulation of hot water piping will result in energy savings.
21. Electrical repairs should be made by:
a. an experienced property manager
b. the on-site manager
c. a licensed electrician
d. a handyman
22. T F Software is programmed instructions used to run the computer.
23. T F A main frame is the largest type of computer.
24. The elements of risk management are:
a. avoid risk
b. transfer risk
c. control risk
d. all of the above
e. none of the above
25. An income approach to value uses:
a. a comparison of similar properties
b. the cost to duplicate a similar property
c. the seller's opinion of value
d. capitalization of net operating income
26. T F Because resident managers are in a management position, they do not fall under minimum wage laws.
27. If a triple net lease's base rent is \$2,000 per month, insurance is \$100 per month, taxes are \$200 per month and maintenance is \$300 per month, what would be the tenant's total payment?
a. \$2,000
b. \$2,500
c. \$2,600
d. \$2,700
28. What is the management fee for a 200 unit condo association which is quoted at \$12 per door?
a. \$1,200
b. \$2,400
c. \$2,000
d. none of the above

29. If the triple net costs are .20 per square foot and the tenant unit is 2,000 square feet, what is the monthly triple net charge?
- \$200
 - \$400
 - \$2,000
 - none of the above
30. Assignment of a lease:
- relieves old tenant of all rights and responsibilities
 - old tenant still retains financial responsibility
 - relieves both new and old tenant of responsibility
 - none of the above
31. Which of the following deposits are refundable?
- security deposits
 - key deposits
 - cleaning deposits
 - all of the above
 - none of the above
32. Which type of lease is most prevalent in retail?
- gross
 - percentage
 - both a-and b
 - neither a nor b
33. T F A commercial landlord may collect any sum that he wishes as a security deposit.
34. T F Retaliatory eviction refers to a landlord evicting a tenant for making repairs or for reporting an unhealthy condition.
35. T F It is not required by law, but it is advisable, that all rental agreements be in writing even if less than one year in duration.
36. T F An owner may be precluded from evicting a tenant for 180 days if that tenant deducted up to one month's rent for habitability repairs.
37. T F If a tenant does not pay his rent, an owner can disrupt electrical service, so long as the owner is paying for it.
38. T F A landlord must follow legal procedures to dispose of items an evicted tenant leaves behind, even if the tenant owes back rent.
39. T F Super-regional centers are usually enclosed malls.
40. T F Merchants Association Clause usually states amount of dues and hours of operation.
41. T F The best location for a medical building is next to a shopping center.

42. T F Insurance and property taxes are included in operating expense calculations.
43. T F Security deposit refunds are governed by California Civil Code Section 1950.5

Questions 44 - 46 are based on the following information

gross income	\$100,000
vacancy	\$ 10,000
operating income	\$ 30,000
debt service	\$ 60,000
depreciation	\$ 3,000
capitalization	10%

44. Using the above information, what is the NOI?
- \$60,000
 - \$70,000
 - \$63,000
 - \$73,000
45. Using the above information, what is the cash flow'?
- \$10,000
 - zero
 - \$3,000
 - minus \$3,000
46. Using the above information, what is the approximate value of the property based on the capitalization rate`?
- \$500,000
 - \$600,000
 - \$700,000
 - \$800,000
47. An increase in value refers to which benefit of ownership?
- tax benefits
 - pride of ownership
 - appreciation
 - leverage
 - none of the above
48. Common forms of real estate ownership would include:
- REIT
 - joint tenants
 - partnership
 - all of the above
 - None of the above
49. T F A prudent property manager would insist on a written management contract.
50. T F If the money supply is"plentiful", interest rates will usually increase.

51. T F High vacancy rates occur when the number of families moving into an area increase.
52. Net operating income (NOI) calculation includes:
- taxes
 - depreciation
 - insurance
 - both a and b
 - both a and c

Questions 53 through 59 involve the following case study: 10 unit apartment building with rental rates of \$600 per month per unit. It has averaged 2 vacancies. Operating expenses per year include; adv. \$300, R.E. taxes \$6000, utilities \$5000, maintenance & repairs \$8,000, mgr. salary \$3,600 and mgt. fee of 8% of gross collected. The annual mortgage payments were \$30,000.

10 Unit Apartment building	
Rental Rates \$600 per unit per month	
Average 2 vacancies per year	
Operating Expenses per year include;	
Advertising	\$ 300
Real Estate Taxes	\$ 6,000
Utilities	\$ 5,000
Maintenance & repairs	\$ 8,000
Manager salary	\$ 3,600
And Management fee of 8% of gross collected rents	
Annual mortgage payments are	\$ 30,000

Prepare an annual budget for the property and answer the following questions.

53. What is the annual gross income schedule?
- \$57,600
 - \$60,000
 - \$72,000
 - \$80,000
54. What is the annual effective income?
- \$57,600
 - \$60,000
 - \$72,000
 - \$80,000
55. What are the operating expenses?
- \$25,590
 - \$27,508
 - \$28,660
 - \$57,508

56. What is the net operating income (NOI) ?
- a. \$28,934
 - b. \$30,092
 - c. \$31,605
 - d. \$70,092
57. What is the cash flow?
- a. \$ -0
 - b. \$ 92
 - c. \$ 1,000
 - d. \$ 11,908
58. If the CAP rate was 10%, what would be the value of the building?
- a. \$300,920
 - b. \$3,000,000
 - c. \$250,767
 - d. \$500,500
59. If the CAP rate increased to 12%, what would be the value of the building?
- a. \$300,920
 - b. \$3,000,000
 - c. \$250,767
 - d. \$500,500
60. Lease clauses should be reviewed by:
- a. the DRE
 - b. a Realtor
 - c. an attorney
 - d. the on-site manager
61. All employees should be paid at least:
- a. minimum wage
 - b. highest wage
 - c. poverty wage
 - d. union rate
62. The on-site manager is:
- a. an independent contractor
 - b. an employee
 - c. a casual laborer
 - d. a temporary worker
63. When firing an employee, they must be paid:
- a. within 24 hours
 - b. within 48 hours
 - c. within 72 hours
 - d. immediately

64. Items in common area charges include:
- a. taxes
 - b. insurance
 - c. parking lot maintenance
 - d. all of the above
 - e. none of the above
65. The prudent property manager should:
- a. check with the prospective tenant's parents
 - b. check with the prospective tenant's best friend
 - c. get a credit application filled out and signed
 - d. check out the ethnic background of prospective tenant
 - e. none of the above
66. Regional center trade areas usually have a population of at least:
- a. 50,000
 - b. 100,000
 - c. 150,000
 - d. 1,000,000
67. An anchor tenant for a neighborhood shopping center would be:
- a. a large department store
 - b. a supermarket
 - c. an office building
 - d. a florist shop
 - e. none of the above
68. The Property Manager should post:
- a. HUD discrimination posters
 - b. OSHA posters
 - c. fair employment posters
 - d. all of the above
 - e. none of the above
69. The Property Manager provides:
- a. goods
 - b. a product
 - c. a service
 - d. none of the above
70. T F A police officer is empowered to enter an apartment at any time without a search warrant.
71. T F An unlawful detainer action for eviction can be completed in two or three days.

72. The move-in/move-out form is used to:
- qualify tenants
 - evict tenants
 - return security deposits
 - calculate the management fee
73. Which is more prudent for the Property Manager to request'?
- key. deposit
 - last month's rent
 - cleaning deposit
 - security deposit
74. The highest form of law in the United States is:
- the President
 - the Constitution
 - Congress
 - the Governor
75. Marina Pt. Ltd. v. Wolfson deals with:
- habitability
 - discrimination
 - liability
 - rent control
76. Becker v. IRM involves:
- habitability
 - discrimination
 - liability
 - rent control
77. Which of the following is considered a breach of habitability?
- stopped up plumbing
 - leaky roof
 - inadequate ventilation
 - all of the above
 - none of the above
78. What would be the annual depreciation on an apartment building with total value of \$1,000,000 and land value of \$300,000?
- \$70,000
 - \$25,454
 - \$17,947
 - \$30,000
79. The U.S. Supreme Court decision establishing that shopping centers are quasi-public is:
- Robbins v. Pruneyard
 - Costa Mesa v. Dru
 - DeCarlo v. McLelland
 - none of the above

80. Additional profit areas for a shopping center would include:
- kiosks
 - wall shops
 - neither a nor b
 - both a and b
81. T F Under a triple-net lease, tenant pays insurance, taxes and maintenance.
82. T F A desirable tenant for a medical building is a general practitioner.
83. The radius clause protects the:
- lessee
 - lessor
 - lender
 - property manager
84. Under what circumstances may an owner enter a tenant's apartment without notice?
- to inspect for cleanliness
 - in an emergency
 - if he suspects the tenant is keeping a cat
 - all of the above
 - none of the above
85. T F A three-day notice to pay rent or quit may be served by the on-site manager.
86. T F An example of constructive eviction would be changing the locks on a tenant's apartment when the tenant fails to pay the rent.
87. Which court is usually most prudent to use for an apartment tenant eviction?
- Small Claims Court
 - Municipal Court (*municipal courts in California have merged with the Superior Courts*)
 - Superior Court
 - Supreme Court
88. The analysis which is made prior to constructing investment property is called:
- neighborhood analysis
 - regional analysis
 - market analysis
 - all of the above
 - none of the above
89. Management fees are:
- established by the Department of Real Estate
 - established by city councils
 - negotiable
 - established by Civil Code 1950.5

90. The Maximum security deposit on an unfurnished apartment is:
- one month's rent
 - two month's rent
 - three month's rent
 - there is no maximum
91. Green v. Superior Court involves
- liability
 - habitability
 - discrimination
 - rent control
92. T F Under retaliatory eviction statutes, the landlord can't evict a tenant who exercised his or her right to complain on habitability for one year.
93. Pennell v. City of San Jose involves:
- liability
 - habitability
 - discrimination
 - rent control
94. The bank account used by the real estate agent for client funds is called a:
- joint account
 - timed account
 - trust account
 - merged account
95. If a percentage rent factor was 5% and gross sales were \$50,000 per month and minimum rent was \$3000 per month, what is the rental payment this month?
- \$2,500
 - \$3,000
 - \$5,500
 - none of the above
96. The management fee schedule is 6% of collected rents versus a minimum monthly fee of \$500. If rents collected this month were \$10,000, what would be the management fee?
- \$500
 - \$600
 - \$1,100
 - none of the above
97. Under Civil Code 1950.5 the landlord (Agent) has how many days to give disposition and return of security deposit'?
- 7 days
 - 14 days
 - 21 days
 - 30 days

98. T F The governing body of a condominium association is called the Board of Directors.
99. T F One advantage of condominium ownership is the guarantee that maintenance fees will not increase.
100. What would be the annual depreciation of an office building with total value of \$3,000,000 and improvements (building) of \$2,000,000?
- a. \$51,282
 - b. \$72,727
 - c. \$200,000
 - d. \$100,000

ANSWER SHEET
PROPERTY MANAGEMENT FINAL

		PG.#		PG*		PG.#		
1.	B	4-10	34.	T	14-14	67.	B	8-2
2.	A	14-21	35.	T	3-2	68.	D	14-4
3.	B	8-3	36.	T	14-14	69.	C	9-1
4.	B	4-1	37.	F	14-14	70.	F	14-22
5.	C	7-6	38.	T	14-15	71.	F	14-25
6.	C	8-3	39.	T	8-3	72.	C	7-14
7.	A	1-2	40.	T	3-13	73.	D	7-18
8.	A	4-14	41.	F	11-13	74.	B	14-2
9.	B	4-14	42.	T	2-11	75.	B	14-6
10.	T	7-14	43.	T	7-14	76.	C	14-24
11.	E	14-21	44.	A	2-10	77.	D	14-3
12.	C	7-1	45.	B	2-11	78.	B	2-13
13.	B	5-3	46.	B	2-11	79.	A	8-20
14.	T	1-3	47.	C	4-7	80.	D	8-14
15.	B	8-12	48.	D	4-4	81.	T	11-12
16.	T	8-14	49.	T	4-9	82.	T	11-13
17.	C	14-25	50.	F	2-3	83.	B	3-11
18.	B	9-6	51.	F	2-3	84.	B	14-21
19.	D	10-13	52.	E	2-11	85.	T	14-21
20.	T	12-5	53.	C	2-11	86.	T	14-14
21.	C	12-6	54.	A	2-11	87.	B	14-25
22.	T	13-4	55.	B	2-11	88.	D	6-11
23.	T	13-3	56.	B	2-11	89.	C	4-14
24.	D	13-8	57.	B	2-11	90.	B	7-14
25.	D	2-10	58.	A	2-10	91.	B	14-3
26.	F	15-6	59.	C	2-10	92.	F	14-14
27.	C	3-2	60.	C	3-1	93.	D	14-27
28.	B	10-13	61.	A	15-3	94.	C	4-10
29.	B	3-2	62.	B	15-6	95.	B	8-4
30.	A	3-7	63.	D	15-7	96.	B	4-14
31.	D	7-14	64.	D	8-16	97.	C	7-18
32.	B	3-3	65.	C	7-12	98.	T	10-2
33.	T	7-14	66.	C	8-5	99.	F	10-8
						100.	A	2-13