

Chapter 17 Questions Property Management

1. A management agreement is to a property manager as a(n)
 - a. listing agreement is to a broker.
 - b. lease is to a tenant.
 - c. deed is to a buyer.
 - d. assignment.

2. A real estate broker acting as an owner's property manager
 - a. must not profit from private contracts at the expense of the owner.
 - b. may manage the client's property to his or her own advantage.
 - c. need not maintain complete and accurate trust account records.
 - d. can personally collect the interest earned on trust account funds.

3. Adaptations of property specifications to suit tenant requirements are
 - a. tax-exempt improvements.
 - b. tenant improvements.
 - c. prohibited by most nonresidential leases.
 - d. generally not a good idea.

4. All of the following would cause a high vacancy rate EXCEPT
 - a. Inept management
 - b. Poor location
 - c. Excessive rent
 - d. Very desirable amenities

5. In determining rental amounts, a property manager considers the economic principle of
 - a. marginal contribution.
 - b. supply and demand.
 - c. conformity.
 - d. balance.

6. All of the following are important functions of a property manager EXCEPT
 - a. Supervising the maintenance of the property
 - b. Protecting the physical integrity of the property
 - c. Meeting the functional requirements of the tenants
 - d. Preparing the owner's income tax returns

7. All of the following are alternative risk management techniques EXCEPT
 - a. avoiding it.
 - b. retaining it.
 - c. ignoring it.
 - d. transferring it.

8. The property manager's chief concern should be that
 - a. the property is seldom vacant because it is consistently rented at the lowest possible rents.
 - b. the property is managed to achieve the highest overall rate of return possible on the owner's investment.
 - c. the property manager's time is maximized in his or her management of the property.
 - d. the property exhibits the proper amount of the owner's pride of ownership.

9. The type of maintenance that is most often neglected is
 - a. corrective.
 - b. deferred.
 - c. routine.
 - d. preventive.

10. A property manager's primary obligation is to
 - a. tenants.
 - b. owners.
 - c. bankers.
 - d. government authorities

11. All of the following should be a consideration in selecting a tenant for the property except
 - a. Size of the available space relative to the tenant's requirements
 - b. Tenant's ability to make the rental payments
 - c. Compatibility of the tenant's business with those of other tenants
 - d. Ethnic background of the tenant and his or her employees

12. All of the following are different types of compensation from which a property management firm may receive income EXCEPT
 - a. a fixed fee.
 - b. a percentage of the net rentals collected.
 - c. a fixed fee with a percentage on new rentals.
 - d. a percentage of purchases made from suppliers.

13. The manager of a commercial building has many responsibilities in connection with the operation and maintenance of the structure. The manager would normally be considered the agent of
 - a. the building's owner.
 - b. the building's tenants.
 - c. both the owner and the tenants.
 - d. neither the owner nor the tenants.

14. Successful property managers do all of the following EXCEPT
 - a. screen the tenants' ability to pay and their space needs.
 - b. study rental rates in the area to get the best possible sense of supply and demand.
 - c. consider the type of business the tenant has and how it will fit businesses already on the property.
 - d. keep on good terms with tenants by overlooking infractions of building rules.

15. Because of the complexity of today's laws affecting properties, a property manager needs to be familiar with all of the following EXCEPT
 - a. environmental hazards.
 - b. accessible construction.
 - c. nondiscriminatory practices.
 - d. investment securities laws.

16. All of the following are duties of a property manager EXCEPT
- a. renting space to tenants.
 - b. preparing a budget.
 - c. complying with legal requirements.
 - d. repairing tenant fixtures.
17. An office rents for \$450 per month and measures 12 feet by 20 feet. The advertised annual rent per square foot would be
- a. \$1.875.
 - b. \$4.50.
 - c. \$18.75.
 - d. \$22.50.