

Modern Real Estate Practice in Illinois, 6th Edition
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Chapter 18 Review Quiz

1. A management agreement is to a property manager like a
 - A. listing agreement is to a broker.
 - B. lease is to a tenant.
 - C. deed is to a buyer.
 - D. lease is to an 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. What type of insurance policy is designed for apartment and commercial buildings and offers a "package" of standard commercial coverage?
 - A. Liability
 - B. Casualty
 - C. Surety
 - D. Multiperil

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. Which is *NOT* an important function of a property manager?
 - 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. When dealing with risk, the options of a property manager would include all the following *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 rate of return possible for 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. All of the following should be considerations in selecting a tenant for the property *EXCEPT* the
 - 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.

10. A property management firm can receive its income as any of the following *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.

11. The duties of a property manager generally would *NOT* encompass
- A. renting space to tenants.
 - B. preparing a budget.
 - C. developing a management plan.
 - D. repairing a tenant's fixture.
12. A property manager's primary obligation is to
- A. the tenants.
 - B. the owner.
 - C. the banker.
 - D. government authorities.
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 the
- A. lessor of the building.
 - B. lessee of the building.
 - C. lessor and the lessee.
 - D. resident manager.
14. The type of maintenance that is most often overlooked is
- A. corrective maintenance.
 - B. repairs.
 - C. routine maintenance.
 - D. preventative maintenance.
15. The cost of equipment to be installed in a modernization or renovation must be evaluated over its entire useful life. This evaluation is called
- A. budgeting expenses.
 - B. noncapital expense analysis.
 - C. capital expenditure cost analysis.
 - D. life cycle costing.

16. Because of the complexity of the laws that affect today's properties, a property manager should be familiar with all of the following *EXCEPT*
- A. environmental hazards.
 - B. accessible construction.
 - C. nondiscriminatory practices.
 - D. investment securities laws.

IN ILLINOIS . . .

17. Individuals whose real estate practice is limited to leasing or renting residential property, collecting rent, negotiating leases and similar activities
- A. must be licensed real estate brokers.
 - B. must be licensed real estate salespersons.
 - C. may obtain a leasing agent license.
 - D. do not need to be licensed.