

PROPERTY MANAGEMENT AND LEASES QUIZ

1. An estate for years would be created by:
 - a. express agreement
 - b. adverse possession
 - c. operation of the law
 - d. holding over

2. The tenant who remains in possession after the lease expires:
 - a. is on a periodic tenancy
 - b. has a freehold interest
 - c. is a tenant at sufferance
 - d. has a servient tenement

3. The effect of a lease assignment is that the
 - a. entire lease interest is transferred
 - b. assignee makes rent payments to the assignor
 - c. assignee is a tenant of the assignor
 - d. assignor remains primarily liable on the lease

4. In accordance with the Uniform Residential Landlord and Tenant Act, a lessor may properly require that the tenant:
 - a. Pay a security deposit equal to two months' rent
 - b. Agree to a limitation on the owner's liability
 - c. Pay any lessor attorney fees arising from a dispute
 - d. Restrict use of the premises to residential purposes.

5. A lease prohibited assignment or subletting without the owner's prior approval. The lessee assigned without asking the lessor. The Assignment is:
 - a. void
 - b. voidable
 - c. unenforceable
 - d. illegal

6. The Uniform Residential Landlord and Tenant Act provides that the tenant.
 - a. can agree to hold the landlord harmless for actions of the landlord
 - b. may apply the security deposit to the last month's rent
 - c. may not unreasonably withhold permission for the landlord to enter the premises
 - d. will make the repairs necessary to keep the premises fit for habitation

7. A sub-lessee is a(n):
 - a. assignee
 - b. owner
 - c. tenant
 - d. lessor on a sublease

8. An advantage offered to an investor buying a structure subject to a ground lease rather than buying a structure and the land is:
 - a. not having to pay for an unneeded structure
 - b. lower investment requirements
 - c. being able to deduct interest payments
 - d. the advantage of a continued rental income

9. A clause in a three-year lease provides that should the tenant retain possession after expiration of the lease, it will be on a month-to-month basis with a significant increase in rent. This clause is intended to discourage a:
- lease renewal
 - lease extension
 - tenancy at sufferance
 - Surrender of the premises.
10. A lessee is relieved of all obligations under the lease when the:
- lessee is evicted for rent arrearage
 - property is sold
 - lessee is constructively evicted
 - lessee can no longer afford to pay the rent
11. A lease in which the lessee's total monthly rent costs remain unchanged for the term of the lease is what type of lease?
- gross
 - net
 - percentage
 - graduated
12. Broker L, who manages property for M, approaches tenant N for back rent a day after M dies. N refuses to pay. The broker should:
- give N statutory notice to quit or pay rent
 - start an unlawful detainer action
 - turn the matter over to a collection attorney
 - take no further action
13. J leased to K, who subleased to L, who then subleased to M. The lease between K and L could be regarded as a(n):
- sandwich lease
 - assignment
 - master lease
 - flat lease
14. A lessee transferred partial lease interests. This is a(n):
- step-lease
 - gross lease
 - assignment
 - sublease
15. The lessee pays for fire insurance under what type of lease?
- Gross
 - Percentage
 - Triple net
 - Graduated payment
16. What type of long term lease is best for a commercial tenant during an inflationary period?
- gross
 - percentage
 - index
 - net

17. A property manager is in trouble because of compensation received. This compensation was a:
- percentage of the gross
 - fee for leasing
 - fee for supervising repairs
 - kickback from a supplier
18. A mineral formerly used in home construction that can cause lung cancer is:
- asbestos
 - lead
 - radon
 - urea formaldehyde foam
19. A former owner could be liable for the physical condition of the premises even after ten years:
- if a warranty deed was used to convey title
 - If the owner failed to specify "as is."
 - Under the federal Comprehensive Environmental Response Compensation and Liability Act of 1980.
 - Under the Uniform Residential Landlord and Tenant Act.
20. G leased a commercial building to S for ten years. After six months, S moved out without notice. G advertised for a tenant. G's actions relate to:
- liquidated damages
 - mitigation of damages
 - punitive damages
 - severance damages
21. A child was injured when he fell through the floor in an abandoned house. If the owner was held liable for the injury, the house was probably considered a(n):
- encroachment
 - attractive nuisance
 - hazardous substance
 - implied easement
22. One reason a company would sell and then lease back its real property would be:
- the deductibility of interest
 - to reduce monthly expenses
 - liquidity
 - the tax benefits of depreciation
23. When a lease is assigned, who is responsible for rent obligations?
- The assignee becomes primarily liable under the lease, and the assignor is released.
 - The assignor remains primarily liable under the lease.
 - The assignee becomes primarily liable under the lease, and the assignor retains secondary liability.
 - The assignee is liable only to the assignor, and the assignor is liable to the lessor.
24. A commercial lease for a definite period of time is terminated by:
- death of the lessor
 - death of the lessee
 - a sale by the lessor
 - surrender

25. A lessor believes the desirability and sales volume of a large retail store will increase dramatically in the next few years. In negotiating a long-term lease for the premises, the lessor would ask for what type of lease?
- flat
 - triple net
 - percentage
 - gross
26. R rented a summer cottage for the first two weeks in July. What type of tenancy does R have?
- Estate for years
 - Estate at will
 - Periodic tenancy
 - Tenancy at sufferance
27. An example of constructive eviction would be a:
- tenant who refuses to pay rent
 - tenant being given a notice to quit or pay rent
 - landlord cutting off the tenant's heat and water
 - Tenant who remains in possession after termination of the lease.
28. After receiving a three-year lease, a residential tenant moved in and paid the first month's rent, but failed to sign and return a copy to the lessor. As to the tenant's obligations the:
- tenant can cease the tenancy after a 30-day notice
 - lease is invalid because it is an oral lease for more than one year
 - tenant can leave but must forfeit any security deposit
 - tenant remains bound to the provisions of the lease
29. A valid lease must include:
- an exculpatory provision
 - the specified use of the premises
 - a definite termination date
 - a description of the premises
30. A lessee would have the greatest protection with a(n):
- estate for years
 - estate at will
 - tenancy at sufferance
 - periodic tenancy
31. A purchaser concerned with EMF's would be interested in knowing about:
- underground fuel storage tanks
 - use of urea formaldehyde foam insulation
 - electrical transmission lines
 - the presence of a radon gas
32. A tenancy based on permissive occupancy without any tenancy agreement would be a:
- month-to-month lease
 - freehold interest
 - tenancy at sufferance
 - tenancy at will
33. An owner died, which immediately ended a tenant's rights. What kind of tenancy was it?
- Tenancy at will.
 - Tenancy at sufferance.
 - Periodic tenancy
 - Estate for years.

34. A lease that ends on a specified date without the requirement of notice is a(n):
- tenancy at will
 - estate for years
 - tenancy at sufferance
 - periodic tenancy
35. A residential lease has an implied covenant of:
- acknowledgment
 - exculpation
 - merger
 - habitability
36. A residential tenant on a month-to-month tenancy generally has a:
- gross lease
 - net lease
 - percentage lease
 - graduated lease
37. A tenant on a long-term lease purchased the building from his landlord and resold it to investors at a profit making no mention of lease rights. The lease was terminated by:
- commercial frustration
 - merger
 - surrender
 - recordation
38. In the absence of a notice to terminate, a lease that automatically renews itself would be a:
- periodic tenancy
 - tenancy for years
 - gross lease
 - ground lease
39. A landlord included a clause in the lease that said the tenant would not hold the landlord liable for personal injury or property damage for any reason. This is considered a(n):
- recapture clause
 - quiet enjoyment clause
 - exculpatory clause
 - holdover clause
40. A tenant has the right to meet the terms offered by any prospective new tenant when the current lease expires. What is this right called?
- holdover provision
 - option
 - right of first refusal
 - extension agreement
41. The Uniform Residential Landlord and Tenant Act provides that:
- it is a one-year lease when no rental period is agreed to
 - if no rental amount is specified, then no rent can be collected
 - the tenant must sign an exculpatory clause if requested to do so
 - the maximum security deposit for unfurnished units is one months rent
42. A lease provides that every June 1, the monthly rent will increase by \$50. What type of lease is this?
- flat lease
 - net lease
 - graduated lease
 - index lease

43. A property management contract should include
- a list of properties currently managed by the manager
 - the obligations and responsibilities of the manager
 - the manager's professional qualifications
 - an ethnic breakdown of current tenants
44. What colorless, odorless gas causes cancer and enters a home through the foundation?
- PCBs
 - EMFs
 - Radon
 - Urea formaldehyde
45. A landlord failed to deal with a serious rodent problem, claiming she could not afford an exterminator. A tenant could break a lease based on:
- commercial frustration
 - constructive eviction
 - merger
 - destruction of the premises
46. The initial action in an eviction for nonpayment of rent would be a(n):
- unlawful detainer action
 - write of possession
 - seizure notice
 - notice to quit or pay rent
47. A lessor wants a tenant to protect the lessor from claims of others based on problems concerning the premises. What type of insurance would the lessor want the lessee to carry?
- public liability
 - errors and omissions
 - homeowner policy
 - fire and extended coverage
48. A tenant moved out with 18 months remaining on the lease. To mitigate damages, the landlord:
- boarded up the premises to prevent vandalism
 - advertised the vacancy
 - sued the tenant for the amount owing
 - sued the tenant for amount owing plus balance on the lease
49. A tenant suffered from lead poisoning relating to the occupancy of an older apartment. The cause was likely:
- insulation
 - radon leakage
 - flaking paint
 - related to EMF
50. An owner wanted to structure the lease to provide income benefits like an annuity but also wanted inflation protection. To a long-term net lease she added a provision relating to:
- the Consumer Price Index
 - EMF
 - A right of first refusal
 - Quiet enjoyment

PROPERTY MANAGEMENT AND LEASES QUIZ: ANSWER KEY:

1. a Because it is a lease for a specified period of time, there must be specific agreement.
2. c in many areas, the holdover tenant can be treated like a trespasser
3. a The assignee makes rent payments to the original lessor
4. d Unless the lease authorizes other use
5. b The owner can consider it a material breach and terminate the lease or accept the assignment
6. c Entry must be for a reasonable purpose with reasonable notice.
7. c The sub-lessee is the tenant of the sub-lessor (original lessor) on a sublease.
8. b The purchase price would be less, but the buyer of the building would pay rent for the land use.
9. c A holdover clause discourages the tenant from remaining in possession because of higher rent. It encourages agreement to a new lease.
10. c Lessor breached lease so lessee, who vacates, is relieved of all further lease obligations.
11. a It is also known as a *flat lease*.
12. d The agency agreement terminated with the death of the principal.
13. a It is a sublease lease that does not involve both the owner and the tenant in possession. Subleases are often referred to as *sandwich leases*.
14. d While an assignment transfers all interests, a sublease can transfer a partial interest.
15. c The lessee is liable for all maintenance and operational expenses plus taxes and insurance and gives the landlord a net amount.
16. a The rent would not increase; therefore, it would not be good for the landlord.
17. d The property manager cannot make a secret profit.
18. a It was used as insulation and in floor and ceiling tile as well as acoustical spraying.
19. c The former owner could be liable for hazardous waste deposited on the property.
20. b The lessor has a duty to keep tenant damages as low as reasonable possible.
21. b There is a special duty of owners when property is likely to attract children.
22. c to obtain cash from an illiquid asset
23. c in a sublease, the original lessee (sub-lessor) would have remained primarily liable.
24. d An acceptance of the premises by the seller ending all lease obligations
25. c this would mean greater rent as retail volume increases.
26. a A lease for a definite period of time.
27. c Constructive eviction is wrongful conduct by a landlord that forces the tenant to move, it ends all lease obligations.
28. d The tenant accepted the lease by performance of paying rent.
29. d Description must be clear and unambiguous
30. a If lessee is not in default, lessee is assured possession for a set period.
31. c Electromagnetic fields are believed by many to have serious effects on health (disputed).
32. d It is personal and cannot be assigned
33. a Ceases on death of tenant or landlord
34. b Lease for a definite period of time
35. d Also implied covenant of quiet enjoyment
36. a Most residential tenants pay a flat rental
37. b When the tenant purchased the building, there was no longer a tenancy because the lessor interest (leasehold) was merged into the ownership
38. a Such as a month-to-month lease
39. c Not valid for residential leases
40. c Right of first refusal can be for leasing as well as purchase
41. d And 1 ½ months for furnished units (many states have modified these amounts).
42. c Step-up lease is a graduated lease.
43. b As well as the responsibilities of the owner.
44. c It is a naturally occurring gas linked to lung cancer.
45. b Tenant can treat breach as proper cause to end lease obligations
46. d Followed by the unlawful detainer action
47. a With the Landlord as a named insured
48. b A duty to re-rent to keep damages low as possible. Can only sue for rent due not for future rent.
49. c Most oil-based house paints in use prior to 1978 had high concentrations of lead.
50. a The consumer price index is commonly used in leases so rent reflects actual purchasing power.