1. Which of the following is considered a valid resource for recruiting employees?

   A. Current residents 
   B. Former employees 
   C. Family members of current employees 
   D. Unsolicited resumes 

2. What is the **BEST** method to estimate an appropriate base salary for a new hire?

   A. Review property operating budget to determine and apply the amount available. 
   B. Analyze market surveys and apply results to compensation data. 
   C. Review property performance data and apply results to salary data. 
   D. Analyze salary surveys and apply results to the regional market. 

3. When disciplining an employee, a portfolio supervisor must document the specific problematic behaviors and:

   A. Evidence of the behaviors. 
   B. Employee acknowledgment. 
   C. Specific expectations or remedies. 
   D. Violated policies or rules. 

4. Which of the following statements should be included in an employee handbook to minimize a company’s legal exposure regarding policies?

   A. "Employees at all levels of the company are expected to treat each other with respect."
   B. "The handbook is required reading for all employees."
   C. "It is impossible to cover every workplace situation."
   D. "The company was founded in the early 1900s."
5. Which term is defined as an ongoing, development-driven, long-term process that involves talent development and often is assisted by a peer?

A. Coaching  
B. Mentoring  
C. Performance review  
D. Training

6. What is the purpose of a narrative in an owner’s report?

A. It minimizes risk exposure.  
B. It outlines fiscal performance.  
C. It strengthens owner relations.  
D. It explains the reasons for decisions.

7. What is the return on investment (ROI) if a property generates $14,300 in net operating income (NOI) with an equity investment of $125,000?

A. 8.74%  
B. 11.4%  
C. 14%  
D. 20%

8. What accounting method records income and expenses in the period in which they are earned or incurred?

A. Accrual basis accounting  
B. Cash basis accounting  
C. Variance basis accounting  
D. Bookkeeping

9. Which of the following conditions MUST be present for positive leverage to occur?

A. The average market rental rate exceeds the budget projection.  
B. The equity amount is 5% or less than the property value.  
C. The property produces a higher return than the loan’s interest rate.  
D. The property purchase price is more than the equity in the asset.
10. Which of the following scenarios produces the **MOST** revenue?

A. 100 units, 85% occupancy at $600 average rent
B. 100 units, 90% occupancy at $600 average rent
C. 100 units, 95% occupancy at $550 average rent
D. 100 units, 100% occupancy at $500 average rent

11. A **GOOD** preventive maintenance program will accomplish which of the following?

A. Reduce the need for regular inspections.
B. Reduce long-term maintenance projects.
C. Reduce risk and liability concerns.
D. Reduce the need for training staff.

12. Which term **BEST** describes a three-bedroom townhouse with one bathroom?

A. Economically obsolescent
B. Economically undesirable
C. Functionally obsolescent
D. Functionally undesirable

13. What is the **MOST** important reason for a portfolio supervisor to ensure a successful transition for a new property owner and a new management company?

A. A poor transition could adversely affect employees who remain with the new company.
B. A poor transition could affect resident satisfaction.
C. A poor transition could delay payment of management fees.
D. A poor transition will damage the reputation of the portfolio supervisor’s company.

14. Which factor does a portfolio supervisor have the ability to change when creating an income growth plan for a property?

A. Amenities
B. Location
C. Market trends
D. Rent control
15. Which of the following is the **MOST** likely reason an owner may choose to acquire, sell, renovate, or reposition a property?

A. To secure tax benefits  
B. To build portfolio strength  
C. To further investments goals  
D. To maximize return on investment (ROI)

16. The Occupational Safety and Health Administration is responsible for which of the following?

A. Lead remediation and removal  
B. Mold remediation and removal  
C. Environmental health and safety standards  
D. Workplace health and safety standards

17. The four steps to the bid process should include:

A. Pre-bid meetings, bid documents, contract termination verification, and qualifications and evaluation of bids for award.  
B. Pre-bid meetings, bid documents, insurance certificate checks, and qualifications and evaluation of bids for award.  
C. Pre-bid meetings, bid documents, payment terms, and qualifications and evaluation of bids for award.  
D. Pre-bid meetings, bid documents, verification of bidder, and qualifications and evaluation of bids for award.

18. Which of the following conditions **MUST** a contractor meet for a successful bid?

A. Complete all bid requirements.  
B. Complete the pre-bid meeting.  
C. Submit an average price to complete the job.  
D. Submit the number of employees who will be doing the job.

19. Three of the risks associated with property management are legal, financial, and safety. What is the fourth?

A. Fraud  
B. Property damage  
C. Theft  
D. Contractual
20. Either party may terminate a management agreement for cause. What is an example of “cause”?

A. Insured property loss
B. Reassignment of owner’s agent
C. Retaliation
D. Sale of the property

The following 10 questions are to be answered based on the attached scenario.

21. Comparing the 24-month projections to the December 2016 occupancy/vacancy plan, when did the property meet a vacancy level of nine units as proposed by the leasing schedule?

A. November 2015
B. December 2015
C. November 2016
D. December 2016

22. In 2016, the NAA Income and Expense Survey reported the national market rate economic occupancy for garden properties as 92.6% of GPR. What was it for Meridian Hill Pointe?

A. 75.8%
B. 81.2%
C. 94.8%
D. 95.4%

23. The original pro forma proposed a total annual operating income of $15.33 per sq. foot in February 2016. What was the actual total annual operating income by December 2016?

A. $14.59
B. $16.26
C. $16.33
D. $17.58
24. What is the budgeted physical occupancy compared to the budgeted economic occupancy in 2016?

A. 78.4% vs. 75.8%
B. 82.6% vs. 81.2%
C. 95.5% vs. 95.4%
D. 96.4% vs. 94.8%

25. The original construction budget called for $375,000 in furniture, fixtures, and equipment purchases through December 2016. During that period, what portion of that amount was paid for appliance replacement?

A. 5.3%
B. 5.8%
C. 25.1%
D. 25.9%

26. At an average closing ratio of 34.7%, how many leases were secured through call center leads?

A. 48
B. 96
C. 152
D. 274

27. What percent of traffic leads arose from the call center since units first came on line?

A. 5.2%
B. 10.3%
C. 28.1%
D. 29.5%

28. As of December 2016, what is the debt coverage ratio (DCR) for the property?

A. 1.04:1
B. 1.13:1
C. 1.35:1
D. 1.38:1
29. Marketing plan leasing goals were not met at the property. Adjusting the leasing goal schedule to coincide with the actual occupancy schedule, when should the property have met the 70% occupancy level?

   A. December 2015  
   B. January 2016  
   C. February 2016  
   D. March 2016

30. Which action would have a direct positive impact on the debt coverage ratio (DCR)?

   A. Increase concessions.  
   B. Refinance the property.  
   C. Initiate capital improvements on site.  
   D. Maintain expenses under budget.

End of scenario questions

31. An investor has decided to spend $25,000 on water saving devices for showers in every unit and expects the to reduce overall water expense by $300 per month. What is the payback period on the investment?

   A. 8.33 years  
   B. 6.94 years  
   C. 3.01 years  
   D. 14.3 years

32. If a property generates an annual cash flow of $48,250 and the down payment on a $1,500,000 investment was $450,000 what is the cash-on-cash return?

   A. 1.7%  
   B. 10.7%  
   C. 9.23%  
   D. 2.8%

33. Which formula below determines Cash Flow?

   A. EGI-OE-DS  
   B. EGI-OE-RR  
   C. NOI-CE-RR-DS  
   D. EGI-CE-RR-DS
34. Other Income typically represents what percentage of GPR?
   A. 1-5%
   B. 5-10%
   C. 10-15%
   D. 15-20%

35. EGI is best described as:
   A. GPR-VAC+OE
   B. GPR+OI
   C. GPR-VAC+OI
   D. GPR-OI

36. What is the CAP rate if a property has an NOI of $480,000 and a value of $9,267,235
   A. 5.17%
   B. 8.0%
   C. 15.2%
   D. 63.4%

37. Net Operating income divided by Owner’s Equity equals:
   A. Direct Capitalization
   B. Return on Investment
   C. Cash Flow
   D. CAP Rate

38. What is the Owner’s equity if the balance sheet shows liabilities equal to $2,500,000 and assets equal to $3,000,000?
   A. $5,500,000
   B. 89%
   C. $1,500,000
   D. $500,000

39. The formula for calculating the operating expense ratio is?
   A. OE/NOI
   B. OE/GPR
   C. OE/EGI
   D. OE/GOI
40. Calculate the Net Operating Income using the following information:

GPR $20,000  
OI    $ 3,500  
VAC   10%  
OE    $12,000

A. $8,000  
B. $9,500  
C. $8,500  
D. $10,000

41. What is the ROI of an investment that was purchased for $3,000,000 and that has a current NOI of $300,000?

A. 10%  
B. 1%  
C. 90%  
D. 9%

42. What is the NOI using the following information?

GPR $100,000  
OI    $ 9,500  
VAC   5%  
OE    $36,000

A. $68,500  
B. $126,900  
C. $50,500  
D. $10,000

43. Exposure if the number of units remaining to lease expressed as a percentage. What is the exposure on a property with 892 units if: 106 are vacant, 19 are leased and of 29 notices to vacate, 2 are preleased?

A. 7%  
B. 10.9%  
C. 12.8%  
D. 13.1%

44. If the balance sheet shows assets equal to $2,350,000 and liabilities equal to $2,100,000, what is the amount of Owner’s Equity?

A. $4,450,000  
B. $250,000  
C. 10.6%  
D. $2,600,000
45. What formula is used to calculate the operating expense ratio?
   A. OE/GPR  
   B. OE/GOI  
   C. OE/EGI  
   D. OE/NOI