

DC PROPERTY MANAGEMENT LICENSE PRACTICE TEST (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is a key feature of the Housing Assistance Payment Program?**
 - A. It promotes real estate investments
 - B. It offers financial assistance for displaced individuals
 - C. It regulates property maintenance standards
 - D. It provides tax incentives for landlords
- 2. How is investment value typically calculated?**
 - A. By determining the replacement cost of the property
 - B. By calculating net operating income and applying a capitalization rate
 - C. By assessing historical sales data
 - D. By determining the average market value in the area
- 3. What type of animals fall under the category of assistance animals?**
 - A. Only dogs
 - B. All pets
 - C. Only trained service animals
 - D. Animals that provide support or companionship
- 4. What must owners do after the termination of tenancy regarding security deposits?**
 - A. Return the deposit immediately
 - B. Refund the balance within forty-five days
 - C. Reinvest the deposit into property improvements
 - D. Notify local authorities of the termination
- 5. What are some required documents that must be posted at a property in D.C.?**
 - A. Insurance and financial statements
 - B. Certificate of Occupancy and a Housing Business License
 - C. Lease agreements and tenant applications
 - D. Tax documents and maintenance records

6. What must be done within thirty (30) days of receiving a security deposit?

- A. Return the deposit to the tenant
- B. Deposit the funds in an interest-bearing escrow account
- C. Notify the tenant about the deposit usage
- D. Transfer the deposit to the landlord's personal account

7. What is the primary function of workers' compensation insurance?

- A. To cover property damage costs
- B. To protect employees injured on the job
- C. To ensure the property manager's liability
- D. To provide general health benefits

8. Which condition is a typical result of Economic Obsolescence?

- A. Aging physical structures
- B. Market decline affecting property values
- C. Shifting tenant demographics
- D. Structural deterioration

9. What calculation represents capitalization based on net income of \$964,210 at a rate of 8.4%?

- A. 10,897,136
- B. 11,478,670
- C. 9,000,000
- D. 12,345,678

10. What does the term 'capital expenses' refer to?

- A. Expenses incurred for operational repairs
- B. Deducted from rental income for tax purposes
- C. Expenses related to employee salaries
- D. Costs associated with tenant improvement

Answers

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1. B
2. B
3. D
4. B
5. B
6. B
7. B
8. B
9. B
10. B

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Explanations

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1. What is a key feature of the Housing Assistance Payment Program?

- A. It promotes real estate investments
- B. It offers financial assistance for displaced individuals**
- C. It regulates property maintenance standards
- D. It provides tax incentives for landlords

The Housing Assistance Payment Program is primarily designed to offer financial assistance to low-income individuals and families who are struggling to afford housing. This program aims to alleviate the burden of housing costs by providing rental subsidies, enabling participants to secure stable housing in their communities. Such assistance can be pivotal for displaced individuals, as it helps them find housing after losing their previous residence or experiencing economic hardship. The focus of the program is on ensuring that vulnerable populations have access to safe and affordable housing rather than promoting investments or providing tax incentives. It does not primarily concentrate on regulating property maintenance standards, as that falls under different housing policies or agencies aimed at ensuring livability rather than directly assisting individuals with housing costs. Thus, the key feature that aligns with the essence of the Housing Assistance Payment Program is its role in offering financial aid, specifically targeting those who may have been displaced or are otherwise in need of housing help.

2. How is investment value typically calculated?

- A. By determining the replacement cost of the property
- B. By calculating net operating income and applying a capitalization rate**
- C. By assessing historical sales data
- D. By determining the average market value in the area

Investment value is calculated by evaluating the potential income that a property can generate, which is represented by the net operating income (NOI), and then applying a capitalization rate. The capitalization rate is a method used in real estate to estimate the return on investment. It is expressed as a percentage and is derived from the relationship between NOI and property value. By dividing the NOI by the capitalization rate, investors can assess the value of the investment based on its income-generating potential. This approach emphasizes the income aspect of real estate investments, making it particularly relevant for investors who view properties as income-producing assets. It allows investors to make informed decisions based on the financial performance of a property rather than just its physical attributes or market trends.

3. What type of animals fall under the category of assistance animals?

- A. Only dogs
- B. All pets
- C. Only trained service animals
- D. Animals that provide support or companionship**

Assistance animals encompass a broader category than just trained service animals or typical pets. Specifically, this classification includes animals that provide emotional support, companionship, or perform tasks to aid individuals with disabilities. Unlike service animals, which are strictly defined (primarily as trained dogs that perform specific tasks for individuals with physical disabilities), assistance animals can also include animals that help alleviate emotional or mental health issues, contributing to the well-being of their owners. This distinction allows for a variety of animals to be recognized as assistance animals, including cats and miniature horses, as long as they fulfill the role of providing emotional support or companionship. The key factor that qualifies these animals is their ability to assist individuals in ways that improve their emotional or psychological health, rather than a strict training requirement that service animals must meet. This understanding is crucial in recognizing the diverse needs of individuals who may benefit from the companionship of such animals.

4. What must owners do after the termination of tenancy regarding security deposits?

- A. Return the deposit immediately
- B. Refund the balance within forty-five days**
- C. Reinvest the deposit into property improvements
- D. Notify local authorities of the termination

After the termination of tenancy, owners are required to refund the balance of the security deposit within a specific timeframe, which is typically set by state law or local regulations. In this case, the requirement to refund the balance within forty-five days ensures that tenants receive their deposits back in a timely manner. This protects tenants and instills confidence in the rental process by making sure they are not left without their funds for an extended period after moving out. In addition, this practice ensures transparency and accountability on the part of property owners, where they must provide an itemized list of any deductions made from the security deposit for damages or unpaid rent. Overall, adhering to the stipulated timeline for the return of security deposits is essential for maintaining good landlord-tenant relationships and complying with legal obligations. The other options do not align with the typical requirements. Returning the deposit immediately may not allow sufficient time to assess any damages and determine deductions. Reinvesting the deposit into property improvements does not address the need to return funds to the tenant. Notifying local authorities of the termination does not encompass the obligation regarding the security deposit. Thus, the requirement to refund the balance within forty-five days is the correct and most relevant action for owners to take after a tenancy has ended.

5. What are some required documents that must be posted at a property in D.C.?

- A. Insurance and financial statements
- B. Certificate of Occupancy and a Housing Business License**
- C. Lease agreements and tenant applications
- D. Tax documents and maintenance records

In Washington D.C., it is essential for property managers to post specific required documents at a property to ensure compliance with local regulations and to inform tenants of important legal and operational details. The Certificate of Occupancy serves as an official document indicating that a property complies with zoning laws and building codes, ensuring that the structure is safe for occupancy. Meanwhile, a Housing Business License is required for any landlord or property management company operating within the District, confirming that they are legally permitted to rent out properties. Having these documents displayed provides transparency to the tenants regarding the legal status and management of the property and serves as a safeguard for the rights and responsibilities of both parties in a rental agreement. This is why the correct answer involves the Certificate of Occupancy and a Housing Business License.

6. What must be done within thirty (30) days of receiving a security deposit?

- A. Return the deposit to the tenant
- B. Deposit the funds in an interest-bearing escrow account**
- C. Notify the tenant about the deposit usage
- D. Transfer the deposit to the landlord's personal account

After receiving a security deposit, the law typically requires that the funds be deposited into an interest-bearing escrow account within a specified timeframe—in this case, within thirty days. This practice is designed to protect tenant funds and ensure that they are held securely until the terms of the lease are fulfilled. By depositing the security deposit into an interest-bearing account, property managers can comply with legal requirements while also potentially earning interest on the funds, which may be required to be returned to the tenant at the end of the lease, depending on local regulations. This method also ensures that the money is kept separate from the landlord's personal funds, maintaining the integrity of the deposit and protecting the tenant's rights. Other options, such as returning the deposit to the tenant, notifying the tenant about the deposit's usage, or transferring it to the landlord's personal account, do not meet legal standards and can lead to compliance issues or loss of tenant trust.

7. What is the primary function of workers' compensation insurance?

- A. To cover property damage costs
- B. To protect employees injured on the job**
- C. To ensure the property manager's liability
- D. To provide general health benefits

The primary function of workers' compensation insurance is to protect employees who are injured while performing their job duties. This type of insurance provides financial support for medical expenses, rehabilitation, and a portion of lost wages due to work-related injuries or illnesses. It is designed to ensure that employees receive necessary care and compensation without needing to prove fault or negotiate with the employer, thus allowing for a more streamlined process for both the employee and the employer in handling workplace incidents. In this context, it is essential to understand that workers' compensation insurance addresses issues directly related to workplace injuries, making it a critical component of employee welfare and workplace safety regulations.

8. Which condition is a typical result of Economic Obsolescence?

- A. Aging physical structures
- B. Market decline affecting property values**
- C. Shifting tenant demographics
- D. Structural deterioration

Economic obsolescence refers to a loss of value in a property due to external factors that are beyond the property owner's control. This can include changes in the surrounding area, such as increased crime rates, declining economic conditions, or shifts in consumer preferences that make a location less desirable. When market conditions decline, properties may experience a reduction in demand, which directly impacts their market value. This is reflected in option B, as it captures the essence of economic obsolescence—when the external economic landscape causes property values to drop, despite the physical condition of the property itself remaining unchanged. The other options represent different issues. Aging physical structures relate more to physical depreciation rather than economic factors. Shifting tenant demographics can affect property values but primarily through supply and demand dynamics rather than external economic reasons. Structural deterioration reflects issues with the property itself, rather than the surrounding economic environment. Thus, option B is the clearest representation of economic obsolescence.

9. What calculation represents capitalization based on net income of \$964,210 at a rate of 8.4%?

- A. 10,897,136
- B. 11,478,670**
- C. 9,000,000
- D. 12,345,678

To determine the capitalization value based on net income, the capitalization rate is used in the following formula: $\text{Capitalization Value} = \text{Net Income} / \text{Capitalization Rate}$. In this case, the net income is \$964,210, and the capitalization rate is 8.4%, which needs to be expressed as a decimal for the calculation. Consequently, 8.4% becomes 0.084. Now applying these values to the formula: $\text{Capitalization Value} = \$964,210 / 0.084 = \$11,478,670$. This calculation reveals the total value of the property based on the income it generates at the specified rate of return. Each component (net income and capitalization rate) plays a crucial role in accurately assessing the property's worth using the income approach.

10. What does the term 'capital expenses' refer to?

- A. Expenses incurred for operational repairs
- B. Deducted from rental income for tax purposes**
- C. Expenses related to employee salaries
- D. Costs associated with tenant improvement

The term 'capital expenses' refers to costs that are incurred to acquire, upgrade, or extend the life of a property's assets, which can subsequently be deducted from rental income for tax purposes. This includes significant expenditures such as purchasing new equipment, making major renovations, or enhancing existing facilities. These capital expenses are treated differently from regular operational or maintenance expenses because they provide long-term benefits or improvements to the property. For tax purposes, capital expenses often need to be capitalized, meaning they are not fully deductible in the year they are incurred but rather should be depreciated over their useful life, which allows property owners to reduce their taxable income over time. This distinction is critical for property owners and managers to understand, as it has direct implications on tax planning and financial reporting. The other options represent different types of expenses or costs but do not align with the definition of capital expenses. Operational repairs, employee salaries, and tenant improvements may have financial implications, but they don't capture the full scope of what capital expenses involve or how they function within a property management context.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://dcpropertymgmt.examzify.com>

We wish you the very best on your exam journey. You've got this!

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