

Montana Property Management Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

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- 1. What is the primary purpose of property management in Montana?**
 - A. To minimize costs for landlords**
 - B. To maximize property value**
 - C. To ensure tenant satisfaction**
 - D. To streamline tenant applications**
- 2. What notice must a landlord provide for non-payment of rent in Montana?**
 - A. Immediate eviction notice.**
 - B. Three-day notice to pay or vacate.**
 - C. One-week notice for grace period.**
 - D. Thirty-day notice to vacate the property.**
- 3. What should you do if you suspect a tenant is operating a prostitution business in your managed property?**
 - A. Report them to the Board of Realty Regulation**
 - B. Contact law enforcement**
 - C. Evict them immediately**
 - D. Reason with them and verbally ask them to stop**
- 4. If a tenant abandons a property, what is the appropriate procedure for a landlord?**
 - A. Change the locks immediately**
 - B. Follow state laws regarding abandonment and provide notice**
 - C. Assume the tenant will return**
 - D. Wait for 30 days before taking any action**
- 5. If a rental unit is not available on the agreed date, what notice can the tenant give to terminate?**
 - A. 48 hours**
 - B. 3 days**
 - C. 5 days**
 - D. 7 days**

- 6. What type of insurance typically covers an employee who steals money from a Homeowners Association's account?**
- A. Liability**
 - B. Errors and Omissions**
 - C. Workers Comp.**
 - D. Fidelity**
- 7. When is a new property management license holder required to complete their continuing education requirements?**
- A. By the 2nd issuance anniversary date**
 - B. Within 24 months**
 - C. By the 2nd renewal date**
 - D. Within 365 days of license issuance**
- 8. A property manager suspects drug activity in a month-to-month lease property. What is an option available to them?**
- A. Provide tenant with a 24 hr notice to vacate**
 - B. Provide tenant with a 48 hr notice to vacate**
 - C. Provide tenant with a 30 day notice to vacate**
 - D. Take no action**
- 9. What should a landlord provide to ensure tenant safety in common areas?**
- A. Video surveillance systems**
 - B. Periodic property inspections**
 - C. Regular maintenance and repairs**
 - D. Extended lease terms for tenants**
- 10. How can a residential lease typically be ended in Montana?**
- A. Only through eviction**
 - B. Only if the tenant requests it**
 - C. Through natural expiration, mutual agreement, or legal termination notice**
 - D. Only when the landlord decides**

Answers

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

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Explanations

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1. What is the primary purpose of property management in Montana?

- A. To minimize costs for landlords**
- B. To maximize property value**
- C. To ensure tenant satisfaction**
- D. To streamline tenant applications**

The primary purpose of property management in Montana, as indicated by the selected answer, is to maximize property value. Property management involves a wide range of responsibilities aimed at maintaining and enhancing the financial performance of real estate investments. This includes activities such as regular maintenance and repairs, effective marketing strategies to attract quality tenants, and ensuring that rent levels are competitive and aligned with market rates. By focusing on maximizing property value, property managers ensure that the properties are well-maintained, which contributes to their appreciation over time. This is critical in the context of Montana's unique real estate landscape, where factors like location, market trends, and property condition can significantly affect property values. While minimizing costs, ensuring tenant satisfaction, and streamlining tenant applications are important aspects of property management, they are typically considered secondary goals that support the overarching objective of maximizing property value. For instance, while cost management can enhance profitability, it should not come at the expense of quality maintenance or tenant relations, which ultimately influence the property's marketability and value.

2. What notice must a landlord provide for non-payment of rent in Montana?

- A. Immediate eviction notice.**
- B. Three-day notice to pay or vacate.**
- C. One-week notice for grace period.**
- D. Thirty-day notice to vacate the property.**

In Montana, when a tenant fails to pay rent, the landlord is required to provide a three-day notice to pay rent or vacate the premises. This legal requirement allows the tenant a brief period to either pay their outstanding rent or leave the rental unit. The three-day timeframe is crucial because it serves as an opportunity for the tenant to rectify the situation before further actions, such as eviction, are taken. This notice is an important aspect of landlord-tenant relations in Montana, ensuring that tenants are given a fair chance to address their obligations. If the tenant does not pay the overdue rent within those three days, the landlord can then proceed with the eviction process. The other options do not align with Montana law regarding non-payment of rent. Immediate eviction is not permissible without following proper legal procedures, and a one-week notice does not meet the statutory requirement, nor does a thirty-day notice apply specifically to non-payment cases. The focused three-day notice is a key component for landlords and tenants to understand their rights and responsibilities concerning rental payments.

3. What should you do if you suspect a tenant is operating a prostitution business in your managed property?

A. Report them to the Board of Realty Regulation

B. Contact law enforcement

C. Evict them immediately

D. Reason with them and verbally ask them to stop

When you suspect that a tenant is involved in illegal activities such as operating a prostitution business on your managed property, the most appropriate course of action is to contact law enforcement. This is because such activities pose significant legal and safety concerns for the community, and law enforcement is equipped to handle these situations effectively. Engaging law enforcement enables professionals who understand the relevant laws and regulations to investigate the matter properly. They have the authority to take necessary action based on the evidence and circumstances presented. Involving law enforcement helps ensure that any actions taken are within the legal framework and can protect the property management company from potential liability. While attempting to reason with the tenant or evicting them may seem like viable options, these approaches do not address the immediate legal implications or the potential risks involved. Additionally, reporting the situation to the Board of Realty Regulation would not directly address the immediate concern and may not yield timely results. Law enforcement is the proper authority for handling suspected criminal activity.

4. If a tenant abandons a property, what is the appropriate procedure for a landlord?

A. Change the locks immediately

B. Follow state laws regarding abandonment and provide notice

C. Assume the tenant will return

D. Wait for 30 days before taking any action

When a tenant abandons a property, the landlord must adhere to state laws regarding abandonment. This means following a defined legal process which typically includes providing the tenant with proper notice regarding their abandonment and any subsequent actions the landlord intends to take, such as re-renting the unit or retaining any items left behind. The correct course of action ensures that the landlord protects their legal rights while also respecting the rights of the tenant. This process usually requires documenting the abandonment and, in many jurisdictions, allowing a certain period for the tenant to reclaim any personal property left behind before the landlord can take further action. Other options do not align with best practices or legal requirements. For example, changing the locks immediately could be viewed as illegal eviction if the tenant has not officially vacated the property or if proper legal procedures have not been followed, which may expose the landlord to liability. Assuming the tenant will return ignores the reality of the abandonment, and waiting for 30 days without any action may not comply with relevant state statutes about how abandonment must be handled. Thus, following state laws and providing notice is the most appropriate and legally sound procedure.

5. If a rental unit is not available on the agreed date, what notice can the tenant give to terminate?

A. 48 hours

B. 3 days

C. 5 days

D. 7 days

When a rental unit is not available on the agreed-upon date, the tenant has the right to give a notice period before terminating the rental agreement. In Montana, if a rental unit is not made available as promised, tenants are allowed to terminate the contract after providing a notice that is five days. This timeframe gives both parties a chance to address the issue while also allowing the tenant to seek alternative housing arrangements if needed. It is a fair duration that recognizes the urgency of the tenant's situation without being unreasonably short. This is why the correct answer is five days, which aligns with Montana's regulations regarding rental agreements and tenant rights.

6. What type of insurance typically covers an employee who steals money from a Homeowners Association's account?

A. Liability

B. Errors and Omissions

C. Workers Comp.

D. Fidelity

Fidelity insurance is specifically designed to protect organizations from losses due to employee theft, fraud, or dishonesty. In the case of a Homeowners Association, if an employee were to steal money from the organization's account, fidelity insurance would provide coverage for the loss incurred. This type of insurance is essential for organizations that handle significant funds and need to safeguard against internal risks. Liability insurance, while crucial, generally covers bodily injury or property damage claims made by third parties and does not extend to losses caused by employee misconduct. Errors and Omissions insurance pertains to professional mistakes or failures to perform professional duties, primarily covering lawsuits related to negligence, but it does not cover theft. Workers' compensation focuses on workplace injuries and does not cover instances of theft or dishonesty by employees. Therefore, fidelity insurance is the appropriate coverage for this scenario.

7. When is a new property management license holder required to complete their continuing education requirements?

- A. By the 2nd issuance anniversary date**
- B. Within 24 months**
- C. By the 2nd renewal date**
- D. Within 365 days of license issuance**

The correct response indicates that a new property management license holder must complete their continuing education requirements by the second renewal date. This timeline is in place to ensure that license holders remain informed about current laws, practices, and industry standards, which may change over time. Ensuring that these professionals continue their education helps maintain a high standard of service and compliance within the property management industry. This approach also aligns with regulatory practices that promote ongoing professional development, reinforcing the importance of staying current in a field that can evolve rapidly due to new legislation and market conditions. Fulfilling the continuing education requirement by the second renewal date ensures that license holders are adequately prepared to navigate the complexities of property management successfully.

8. A property manager suspects drug activity in a month-to-month lease property. What is an option available to them?

- A. Provide tenant with a 24 hr notice to vacate**
- B. Provide tenant with a 48 hr notice to vacate**
- C. Provide tenant with a 30 day notice to vacate**
- D. Take no action**

In the case of a month-to-month lease, property managers are typically required to give tenants proper notice if they wish to terminate the lease agreement. A 30-day notice to vacate is commonly mandated as it aligns with the statutory requirements for a termination of such leases in many jurisdictions, including Montana. When a property manager suspects drug activity, it is important to follow legal protocols to ensure that the action taken is compliant with state laws and provides the tenant the opportunity to vacate the premises legally. Providing a 30-day notice allows the tenant adequate time to find alternative housing while also giving the property manager the means to address potential illegal activities on the property. This approach also helps to mitigate the risk of legal challenges that may arise if the property manager attempts to evict a tenant without proper notification or justification. The notice must be in writing, clearly stating the intent to terminate the lease and specifying the deadline for the tenant to vacate the property. This ensures that the process is transparent and adheres to landlord-tenant laws. For the other options, a 24-hour or 48-hour notice to vacate may not be compliant with legal requirements for month-to-month leases unless there are specific circumstances like imminent danger or other immediate threats to safety, which

9. What should a landlord provide to ensure tenant safety in common areas?

- A. Video surveillance systems**
- B. Periodic property inspections**
- C. Regular maintenance and repairs**
- D. Extended lease terms for tenants**

A landlord is responsible for ensuring tenant safety in common areas by maintaining and repairing those areas regularly. Regular maintenance and repairs can address potential hazards such as broken railings, faulty lighting, or cracked pavement, which could lead to accidents or injuries. By keeping common areas in safe, usable condition, landlords significantly contribute to the overall safety and well-being of tenants and visitors. While video surveillance systems and periodic property inspections can enhance safety, they do not directly address physical hazards in common areas. Extended lease terms for tenants do not impact safety either; rather, they pertain to the agreement between landlord and tenant regarding the duration of occupancy. Regular maintenance and repairs stand out as the most effective and proactive approach to ensuring safety in shared spaces.

10. How can a residential lease typically be ended in Montana?

- A. Only through eviction**
- B. Only if the tenant requests it**
- C. Through natural expiration, mutual agreement, or legal termination notice**
- D. Only when the landlord decides**

In Montana, a residential lease can be ended through several methods, which makes the correct choice comprehensive. The lease can naturally expire when the term outlined in the lease agreement ends. Additionally, both the landlord and tenant have the option to mutually agree to terminate the lease before the natural expiration date. This flexibility allows both parties to reach an agreement regarding their rental terms. Legal termination notice is also a key method. State law provides tenants and landlords with the ability to terminate a lease based on specific reasons, including non-payment of rent or breach of lease terms, enabling either party to provide a formal notice for termination within the time frames specified by law. Other possibilities for ending a lease, such as eviction, are more limited and typically require specific legal steps that are not the only means of termination. A tenant's request alone does not suffice unless coordinated with the landlord's agreement or following the legal framework for lease termination. Thus, the multiple avenues for lease termination captured in the correct choice reflect the legal framework of Montana property management practices.