

Montana Property Management Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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. Which of the following does not need to be kept in a trust account?**
 - A. Security deposits**
 - B. Manager commission**
 - C. Owners reserve**
 - D. Rent received**
- 2. What was the gross income after a 10% rent increase, given that 5 tenants moved out?**
 - A. now \$23,250 per month**
 - B. now \$25,575 per month**
 - C. increased by \$620 per month**
 - D. decreased by \$1550 per month**
- 3. 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**
- 4. What is the legal time frame for a landlord to return a security deposit after lease termination in Montana?**
 - A. 10 days**
 - B. 30 days**
 - C. 45 days**
 - D. 60 days**
- 5. When must rents be deposited into a trust account for residential transactions after receipt?**
 - A. By the 3rd of the month**
 - B. Within 3 business days**
 - C. Within 3 calendar days**
 - D. Within 10 business days**

6. What is essential for a successful lease renewal negotiation for tenants?

- A. Demonstrating stable financial circumstances**
- B. Offering to pay higher rent**
- C. Finding out other tenants' renewal rates**
- D. Maintaining a clean appearance during property inspections**

7. How does the rental market condition influence lease renewal?

- A. Landlords may be more flexible during a rental crisis**
- B. It does not impact lease renewal decisions**
- C. Tenant choices become limited in a high-demand market**
- D. Tenants can always expect reduced rental rates**

8. For whom must you keep a separate trust account ledger?

- A. Property manager**
- B. Property**
- C. Vendor**
- D. Owner**

9. What does "constructive eviction" mean in Montana landlord-tenant law?

- A. Evicting a tenant legally**
- B. Making a rental unit uninhabitable**
- C. Changing locks without notice**
- D. Increasing rent systematically**

10. In Montana, what constitutes an emergency repair?

- A. Any repair that can wait until normal business hours.**
- B. Repairs necessary to prevent further damage or to mitigate unsafe living conditions.**
- C. Minor repairs that do not affect the functioning of the property.**
- D. Repairs requested by the landlord only.**

Answers

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

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Explanations

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1. Which of the following does not need to be kept in a trust account?

- A. Security deposits**
- B. Manager commission**
- C. Owners reserve**
- D. Rent received**

In property management, a trust account is used to hold certain funds on behalf of clients or tenants, ensuring that these funds are managed separately and legally. Among the options provided, manager commissions are not required to be kept in a trust account because they represent the property manager's earnings, which the management company or individual is entitled to receive after service provision. In contrast, security deposits, owners' reserves, and rent received are funds that must be held in trust accounts to safeguard the interests of tenants and property owners. Security deposits are held to cover potential damages or unpaid rent and must be kept separate to ensure transparency and compliance with legal regulations. Rent received acts as income on behalf of the property owner but also needs to be accounted for transparently until distributed to the owner. Owners' reserves, which could be funds set aside for maintenance or unexpected expenses, must also be kept in a trust for appropriate management according to the owner's instructions. Thus, the distinction lies in the nature of the funds: commissions are part of the compensation structure for property managers and are no longer client funds, making it unnecessary to keep them in trust.

2. What was the gross income after a 10% rent increase, given that 5 tenants moved out?

- A. now \$23,250 per month**
- B. now \$25,575 per month**
- C. increased by \$620 per month**
- D. decreased by \$1550 per month**

To determine the correct answer, let's first analyze the scenario given by examining the effect of the 10% rent increase and the departure of 5 tenants. If there was a rent increase of 10%, this would increase the total gross income from the tenants remaining. However, having 5 tenants move out directly affects the gross income negatively, as these units would no longer contribute rent. Assuming the rent prior to the increase was calculated based on a certain number of tenants, the gross income must account for both the rent increase and the loss of income due to vacancy. After calculating the total income factoring in the rent increase for the remaining tenants and the lost income from the 5 tenants, it may become clear that the overall impact led to an increase in gross income by a specific amount monthly. Thus, the statement that the gross income increased by \$620 per month correctly reflects this adjustment. It indicates that even with the loss of tenants, the increase in rent from remaining units compensated to the extent described. This illustrates the nuances of property management, where both revenue increases (like rent hikes) and decreases (like tenant turnover) need to be considered together to find the true impact on gross income.

3. 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.

4. What is the legal time frame for a landlord to return a security deposit after lease termination in Montana?

- A. 10 days**
- B. 30 days**
- C. 45 days**
- D. 60 days**

In Montana, the law requires that a landlord must return a tenant's security deposit within 30 days after lease termination. This time frame is established to ensure that tenants receive their funds back in a reasonable amount of time after they have vacated the property. The law also stipulates that if any deductions are made from the security deposit, the landlord must provide a written itemization of those deductions within the same 30-day period. Adherence to this timeline helps to protect the rights of tenants and ensures transparency in financial transactions between landlords and tenants.

5. When must rents be deposited into a trust account for residential transactions after receipt?

- A. By the 3rd of the month
- B. Within 3 business days**
- C. Within 3 calendar days
- D. Within 10 business days

Rents for residential transactions must be deposited into a trust account within 3 business days after receipt. This requirement ensures that rental funds are handled promptly and with proper accounting practices. The use of a trust account is essential in property management, as it safeguards tenant money and provides transparency regarding the handling of these funds. Prompt deposit into a trust account demonstrates responsible financial management and compliance with regulatory standards, which is crucial for maintaining trust between property managers, landlords, and tenants. The timeframe specified allows for sufficient processing without causing delays in financial accountability or potential disputes over funds. Understanding this time frame is vital for property managers to ensure they are adhering to the legal requirements in Montana, fostering trust and avoiding any potential issues with regulation compliance. Other options do not align with the legal requirements set forth for managing tenant funds in Montana.

6. What is essential for a successful lease renewal negotiation for tenants?

- A. Demonstrating stable financial circumstances**
- B. Offering to pay higher rent
- C. Finding out other tenants' renewal rates
- D. Maintaining a clean appearance during property inspections

For a successful lease renewal negotiation, demonstrating stable financial circumstances is crucial. This indicates to the landlord or property manager that the tenant is financially responsible and capable of meeting their rental obligations. Stability in finances reassures the landlord about the tenant's ability to continue paying rent on time, which can be a significant consideration when discussing lease terms, potential rent increases, or other concessions. A tenant who can present evidence of steady income or improved financial standing may have a stronger position in negotiations. This can help create a sense of security for both parties, reducing the landlord's concerns about vacancies and the tenant's worries about rental increases. The other choices, while possibly relevant in specific contexts, do not directly address the fundamental aspect of financial stability, which is often the primary concern in lease agreements. Offering to pay higher rent might seem beneficial but doesn't address the broader context of the tenant's capacity to maintain the lease effectively. Learning about other tenants' renewal rates could provide some insight into market trends but doesn't strengthen the tenant's individual negotiation position. Maintaining a clean appearance during inspections is certainly good practice but is more about upkeep and less relevant to the financial negotiations at hand.

7. How does the rental market condition influence lease renewal?

- A. Landlords may be more flexible during a rental crisis**
- B. It does not impact lease renewal decisions**
- C. Tenant choices become limited in a high-demand market**
- D. Tenants can always expect reduced rental rates**

The influence of rental market conditions on lease renewal is significant, particularly during periods of rental crisis or market downturns. When the rental market is experiencing a crisis, landlords may find themselves facing higher vacancy rates and decreased demand for rental properties. As a result, they may become more flexible with lease terms to encourage current tenants to renew their leases rather than risk having their units sit empty. In a rental crisis, landlords might offer incentives such as reduced rent, improved maintenance, or lease term flexibility to keep tenants in place. This creates a mutually beneficial situation where tenants can secure more favorable conditions, while landlords maintain occupancy and stabilize their income stream. It's a strategic response to changing market dynamics that benefits both parties. The other options do not align with how rental market conditions typically impact lease renewals. For instance, claiming that there is no impact on lease renewal decisions overlooks the reality that market conditions largely dictate tenant behavior and landlord responses. Moreover, stating that tenant choices become limited in a high-demand market doesn't capture the flexibility landlords may exhibit to retain tenants in less favorable conditions. Expecting reduced rental rates in every situation also fails to recognize that favorable market conditions do not guarantee lower prices; they often lead to increased rental rates instead.

8. For whom must you keep a separate trust account ledger?

- A. Property manager**
- B. Property**
- C. Vendor**
- D. Owner**

A separate trust account ledger is essential for tracking the financial transactions related to each property owner. This ledger provides detailed records of all funds received and disbursed for a specific owner's property, ensuring transparency and accountability. It helps in managing the funds accurately and allows for an accurate reporting of financial activities, which is crucial for maintaining trust and adherence to legal requirements. This practice is vital for property management because it ensures that owners can understand how their money is being handled. Keeping a distinct ledger for each owner mitigates the risk of confusion or mismanagement of funds, which could lead to disputes or financial discrepancies. Proper record-keeping in this manner helps ensure regulatory compliance and fosters a strong professional relationship between the property manager and property owners.

9. What does "constructive eviction" mean in Montana landlord-tenant law?

- A. Evicting a tenant legally
- B. Making a rental unit uninhabitable**
- C. Changing locks without notice
- D. Increasing rent systematically

Constructive eviction refers to a situation where a landlord's actions or the conditions of the rental property make it uninhabitable for the tenant, effectively forcing them to leave. In Montana landlord-tenant law, if a landlord fails to maintain the property, such as neglecting essential repairs or allowing conditions that render the unit unsafe or unusable, the tenant may claim constructive eviction. This means that the landlord has not fulfilled their obligations to provide a livable environment, leading the tenant to have no choice but to vacate the premises. Understanding this concept is crucial for both landlords and tenants, as it emphasizes the responsibility of landlords to maintain rental properties adequately. If a tenant can prove constructive eviction, they may have legal grounds to terminate the lease and seek damages. Other choices revolve around actions or policies that do not involve making the property uninhabitable, such as evicting a tenant legally, changing locks without notice, or increasing rent, which do not encapsulate the essence of constructive eviction.

10. In Montana, what constitutes an emergency repair?

- A. Any repair that can wait until normal business hours.
- B. Repairs necessary to prevent further damage or to mitigate unsafe living conditions.**
- C. Minor repairs that do not affect the functioning of the property.
- D. Repairs requested by the landlord only.

In Montana, an emergency repair is defined as repairs necessary to prevent further damage or to mitigate unsafe living conditions. This standard recognizes that certain situations require immediate attention to address issues that could lead to safety hazards or more significant property damage if not promptly resolved. Emergencies could include plumbing failures leading to flooding, electrical problems that pose fire risks, or heating system failures during winter months that could lead to unsafe temperatures.

Understanding this definition emphasizes the responsiveness required from property managers and landlords when tenants report urgent issues. It is crucial for maintaining the safety and livability of the property. Other types of repairs, such as those that can wait until regular business hours or are deemed minor, do not fall under this emergency category, as they do not affect the immediate safety or integrity of the living environment. Additionally, repairs requested by the landlord alone do not constitute an emergency unless they relate directly to the health and safety of the tenants.

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://mtpropertymgmt.examzify.com>

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

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