

South Dakota Property Management Practice Test (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. When should property managers focus on current economic conditions?**
 - A. When setting lease terms**
 - B. When preparing market analyses**
 - C. During tenant negotiations**
 - D. For routine inspections**

- 2. When must a landlord provide utilities according to lease agreements?**
 - A. At any time they wish**
 - B. Only after the rent is paid**
 - C. As outlined in the lease agreement**
 - D. Only under local laws**

- 3. What should property managers do if they suspect a lease violation?**
 - A. Ignore the situation**
 - B. Notify the tenant and provide them an opportunity to respond**
 - C. Immediately evict the tenant**
 - D. Discuss the matter with other tenants**

- 4. How often should rent be reviewed and potentially adjusted?**
 - A. Monthly, to keep up with market trends**
 - B. Annually or as outlined in the lease agreement**
 - C. Only when tenants request an increase**
 - D. At the end of each season**

- 5. Which situation could lead to the loss of a security deposit?**
 - A. Normal wear and tear**
 - B. Unpaid rent or damage to the property**
 - C. Moving out before the lease ends**
 - D. Finding a new tenant**

- 6. What is an important aspect of property management related to financial reporting?**
- A. Only tracking expenses**
 - B. Budgeting for future repairs**
 - C. Understanding net operating income**
 - D. Preparing tenant eviction notices**
- 7. In property management, what must be retained for a specified period related to lead-based paint?**
- A. Tenant agreements**
 - B. Financial disclosures**
 - C. Required disclosures**
 - D. Building permits**
- 8. How many hours of education must an applicant complete for a property manager's license within the last two years?**
- A. 20 hours**
 - B. 30 hours**
 - C. 40 hours**
 - D. 50 hours**
- 9. What is typically the first step in establishing a financial plan for property management?**
- A. Assessing maintenance expenses**
 - B. Setting rental rates**
 - C. Determining optimum rents**
 - D. Calculating tenant turnover rates**
- 10. Which of the following actions may lead to an agent's dismissal according to property management standards?**
- A. Commingling funds**
 - B. Hiring additional staff without permission**
 - C. Not renewing contracts in time**
 - D. Ignoring repair issues**

Answers

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

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Explanations

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1. When should property managers focus on current economic conditions?

- A. When setting lease terms
- B. When preparing market analyses**
- C. During tenant negotiations
- D. For routine inspections

Focusing on current economic conditions is particularly crucial when preparing market analyses. Market analyses involve assessing the competitive landscape to understand rental prices, demand, vacancy rates, and overall market trends. Current economic conditions, such as local employment rates, housing demand, and trends in the broader economy, significantly influence these factors. For example, during a robust economy, demand for rental properties may increase, leading to higher rental prices. Conversely, in an economic downturn, rental prices may need to be adjusted to attract tenants. This understanding helps property managers make informed decisions about pricing strategies and marketing their properties effectively. While setting lease terms, tenant negotiations, and routine inspections are all important aspects of property management, they are more influenced by specific property conditions, tenant needs, and compliance with regulations rather than the broader economic conditions.

2. When must a landlord provide utilities according to lease agreements?

- A. At any time they wish
- B. Only after the rent is paid
- C. As outlined in the lease agreement**
- D. Only under local laws

The landlord is obligated to provide utilities as specified in the lease agreement. This means that the terms laid out in the lease document dictate when and which utilities must be provided to the tenant. If the lease clearly states that certain utilities are included in the rental agreement, then the landlord must fulfill that commitment. This ensures that both parties have a mutual understanding of their responsibilities. Without this clause in the lease, the tenant could potentially face interruptions in essential services, negatively affecting their living conditions. While local laws may impose additional requirements regarding utilities, the primary responsibility comes from the stipulations agreed upon in the lease, making that the key factor in determining the landlord's obligations.

3. What should property managers do if they suspect a lease violation?

- A. Ignore the situation**
- B. Notify the tenant and provide them an opportunity to respond**
- C. Immediately evict the tenant**
- D. Discuss the matter with other tenants**

When property managers suspect a lease violation, it is crucial for them to notify the tenant and provide them an opportunity to respond. This step is essential for several reasons. First, it ensures that the tenant has a chance to explain their side of the story. There may be valid reasons for what appears to be a lease violation, and allowing the tenant to respond fosters open communication and helps maintain a positive landlord-tenant relationship. Second, adequate documentation and communication are vital to uphold legal and ethical standards. Providing the tenant with notice of the suspected violation and allowing them to address it helps demonstrate that the property manager is adhering to due process. This is particularly important if the situation escalates to the point of potential eviction proceedings, as proper procedure may need to be followed to avoid legal complications. Finally, this approach can lead to a resolution of the issue without needing to resort to more drastic measures, such as eviction, or causing unnecessary discomfort among the tenants. Thus, notifying the tenant and giving them the opportunity to respond is a responsible and necessary action for property managers when they suspect a lease violation.

4. How often should rent be reviewed and potentially adjusted?

- A. Monthly, to keep up with market trends**
- B. Annually or as outlined in the lease agreement**
- C. Only when tenants request an increase**
- D. At the end of each season**

The correct practice for reviewing and potentially adjusting rent is on an annual basis or as specifically outlined in the lease agreement. This approach aligns with common property management practices and legal requirements. Annual reviews allow property managers to assess market conditions, inflation rates, and any changes in operating costs effectively. Moreover, having the provisions for rent adjustments clearly stated in the lease agreement fosters transparency and helps both landlords and tenants understand their rights and expectations. While monthly reviews may seem beneficial for staying current with market trends, they can create unnecessary instability for tenants and may not be practical for landlords to manage. Adjusting rent only when tenants request an increase can lead to missed opportunities for landlords to keep pace with the market, potentially reducing their income over time. Similarly, reviewing rent at the end of each season may not be feasible and could lead to inconsistencies, as rental markets typically experience more significant fluctuations over longer periods, such as years rather than seasons. Overall, an annual review is a balanced and reasonable approach for managing rent adjustments.

5. Which situation could lead to the loss of a security deposit?

- A. Normal wear and tear
- B. Unpaid rent or damage to the property**
- C. Moving out before the lease ends
- D. Finding a new tenant

The situation that could lead to the loss of a security deposit is associated with unpaid rent or damage to the property. When a tenant is responsible for unpaid rent, the landlord may deduct the amount owed from the security deposit before returning the remaining balance to the tenant. Additionally, if the tenant causes damage beyond normal wear and tear—such as broken windows, holes in walls, or other significant alterations to the property—the landlord has the right to deduct the cost of repairs from the security deposit. This aligns with the purpose of the security deposit, which is meant to protect the landlord from financial losses due to a tenant's failure to meet lease obligations or to maintain the property in good condition. Normal wear and tear does not qualify for deductions, nor does simply finding a new tenant or moving out early, unless other lease violations or financial dues apply.

6. What is an important aspect of property management related to financial reporting?

- A. Only tracking expenses
- B. Budgeting for future repairs
- C. Understanding net operating income**
- D. Preparing tenant eviction notices

Understanding net operating income (NOI) is crucial in property management as it serves as a key indicator of a property's financial performance. NOI is calculated by subtracting operating expenses from gross rental income. This figure provides property managers with insights into how well a property is generating income relative to its operational costs. By assessing NOI, property managers can make informed decisions regarding property operations, including adjustments to rents, managing expenses, enhancing property performance, and planning for future investments. Monitoring NOI helps in analyzing trends over time, which can assist with strategic planning and ensuring the investment remains profitable. While tracking expenses and budgeting for future repairs are important components of overall financial management, they do not directly measure the financial health of a property as clearly as NOI. Preparing tenant eviction notices, on the other hand, relates more to the legal aspects of property management rather than financial reporting. Thus, focusing on net operating income offers the most comprehensive insight necessary for effective financial management in property operations.

7. In property management, what must be retained for a specified period related to lead-based paint?

- A. Tenant agreements**
- B. Financial disclosures**
- C. Required disclosures**
- D. Building permits**

In property management, it is essential to retain required disclosures related to lead-based paint because federal law mandates that property owners and managers inform tenants about the presence of lead-based paint in properties built before 1978. This requirement is intended to protect tenants, especially young children who are particularly vulnerable to the risks associated with lead exposure. The law stipulates that property owners must provide a lead-based paint disclosure form to tenants prior to lease signing. This form lets tenants know whether the property contains lead-based paint and informs them of the potential hazards. Retaining these disclosures for a specified period ensures compliance with regulations and provides documentation if any disputes arise related to lead safety or health issues. This retention also demonstrates due diligence on the part of the property manager or owner, should any legal scrutiny occur regarding lead-based paint hazards. Other options may not be as pertinent in the context of lead-based paint regulations. Tenant agreements are contracts for housing but do not specifically highlight lead disclosure responsibilities. Financial disclosures pertain more to the economic aspects of rental agreements and might not relate directly to lead safety issues. Building permits deal with construction compliance and codes but do not involve tenant safety disclosures related to hazardous materials such as lead paint. Thus, retaining required disclosures is critical in the context of managing

8. How many hours of education must an applicant complete for a property manager's license within the last two years?

- A. 20 hours**
- B. 30 hours**
- C. 40 hours**
- D. 50 hours**

To obtain a property manager's license in South Dakota, an applicant is required to complete 40 hours of education within the last two years. This educational requirement ensures that property managers remain knowledgeable about the latest laws, regulations, and best practices in property management. Education in this context typically covers a range of topics, including property management principles, landlord-tenant law, leasing practices, and ethical considerations in the field. This foundational knowledge is crucial for effective property management and helps protect both the property owners' interests and the tenants' rights. The higher requirement of 40 hours compared to other options reflects the comprehensive nature of the training needed to adequately prepare an individual for the complexities involved in managing properties. This extensive education helps ensure that licensed property managers possess the critical skills and understanding necessary to navigate the legalities of property management successfully.

9. What is typically the first step in establishing a financial plan for property management?

- A. Assessing maintenance expenses**
- B. Setting rental rates**
- C. Determining optimum rents**
- D. Calculating tenant turnover rates**

The first step in establishing a financial plan for property management is determining optimum rents. This step is crucial because it establishes the revenue potential for the property and informs subsequent financial decisions. By evaluating various factors such as the current market conditions, the location of the property, and comparable rental rates for similar properties, property managers can set a competitive rental price that maximizes occupancy and income. Establishing the optimum rents also leads to a clearer understanding of expected cash flow, which is essential for planning expenses, investments in property improvements, and marketing strategies. If the rental rates are set too high, it may result in longer vacancy periods, while rates that are too low could diminish profitability. Thus, achieving the right balance in rental pricing is foundational to the overall financial strategy in property management. The other steps mentioned are important but typically follow the establishment of rental rates. For instance, assessing maintenance expenses and calculating tenant turnover rates hinge on the income generated from setting the right rental prices. With optimum rents determined, property managers can then more accurately plan for maintenance and tenant retention strategies to enhance profitability.

10. Which of the following actions may lead to an agent's dismissal according to property management standards?

- A. Commingling funds**
- B. Hiring additional staff without permission**
- C. Not renewing contracts in time**
- D. Ignoring repair issues**

Commingling funds is a serious violation of property management standards and can lead to an agent's dismissal because it involves mixing a client's funds with personal or business finances. This practice can result in a lack of accountability and transparency, potentially exposing both the property manager and the agency to legal ramifications. It compromises the trust that clients place in property managers and goes against fiduciary duties, which require agents to manage clients' money with absolute integrity. Proper property management involves maintaining clear boundaries between client funds and personal finances, and any action that blurs these lines can jeopardize the agent's employment and the reputation of the property management firm. While other options are also problematic, they may not be as immediately disqualifying as commingling funds. For instance, hiring additional staff without permission could be viewed as overstepping authority but might be rectified through communication. Ignoring repair issues might lead to client dissatisfaction but may not result in immediate termination. Not renewing contracts in time could impact business operations, yet does not carry the same legal weight as financial mismanagement.

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://sdpropertymgmt.examzify.com>

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

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